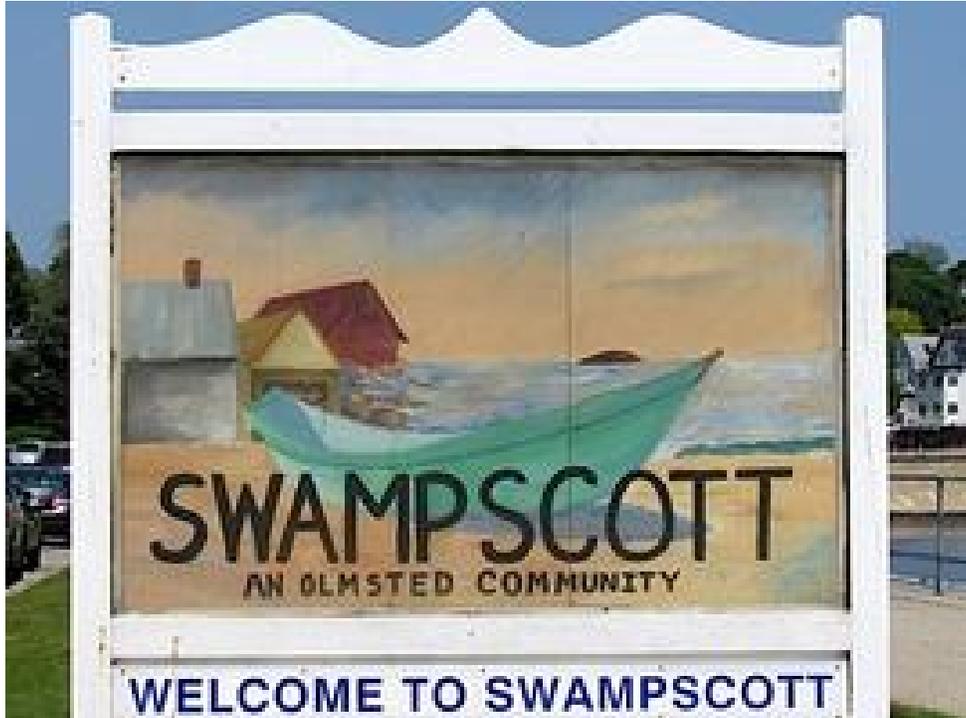


TOWN OF SWAMPSCOTT, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2020



Front Cover: Sign welcoming visitors along the waterfront.

Inside Front Cover: A sunny picturesque day in Swampscott Harbor.

TOWN OF SWAMPSCOTT, MASSACHUSETTS



COMPREHENSIVE
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020
Prepared by the Finance Department

TOWN OF SWAMPSCOTT, MASSACHUSETTS
 Comprehensive Annual Financial Report
 Year Ended June 30, 2020

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Introductory Section



Swampscott Town Hall

Town of Swampscott, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Introductory Section

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Peter A. Spellios, Chair
Neal Duffy
David M. Grishman
Donald M. Hause
Polly Titcomb

Town of Swampscott

OFFICE OF THE SELECT BOARD
Elihu Thomson Administration Building
22 Monument Avenue
Swampscott, MA 01907-1940

Sean R. Fitzgerald
Town Administrator
Tel: (781) 596-8850
Email: sfitzgerald@swampscottma.gov

Letter of Transmittal

January 27, 2021

To the Honorable Select Board and Citizens of the Town of Swampscott:

Subsequent to the close of each year, state law requires the Town of Swampscott to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Swampscott, Massachusetts, for the year ending June 30, 2020, for your review.

The report is designed to be used by the elected and appointed officials of the Town and others who are concerned with its management and progress such as bond analysts, banking institutions and credit raters. Just as important, the design and format of this report is aimed at providing the residents and taxpayers of Swampscott a more easily readable and, therefore, a more easily understandable financial report.

This report consists of management's representations concerning the finances of the Town of Swampscott. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. In order to provide a reasonable basis for making these financial representations, management continues to review and improve its established comprehensive internal controls. The framework for these controls is designed to protect, to the extent possible, the government's assets from loss, theft, or misuse. The cost of internal controls should not outweigh their benefits. As a result, the Town of Swampscott's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the year ended June 30, 2020, are fairly presented in conformity with GAAP.

The Town of Swampscott's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Swampscott for the year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the Town of Swampscott's financial statements for the year ended June 30, 2020, and that they are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Swampscott part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Town of Swampscott's separately issued Report on Expenditures of Federal Awards.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of Swampscott's MD&A can be found immediately following the report of the independent auditors.

Profile of the Town

Swampscott was originally incorporated in 1852. Early historical accounts of Swampscott indicated that the Native Americans, referred to as Naumkeags, came to what was called the "land of the red rock" in the seventeenth century to fish and hunt. Long known as a seafaring fishing village, Swampscott hosted a large commercial fishing fleet which sailed daily from our protected bay. Early accounts of Swampscott considered it a "community of modest means" and indicated that one man in three was a fisherman. Of the rest, a goodly number were shoemakers (also known as cordwainers), shoe cutters (known as clickers), yeomen or farmers and merchants. As a seafaring fishing village, Swampscott hosted a large commercial fishing fleet which sailed daily from our protected bay. From its fishing interests, Swampscott reached worldwide status as the place where Ebenezer Thorndike invented the lobster pot in 1808 to revolutionize lobster harvesting. Also, the Swampscott Dory, a fishing boat still in use throughout the world today, was invented in 1840 by Theophilus Brackett to row and to pull lobster pots. The dory was considered the best seaworthy boat for fishermen due to its unique flat-bottomed design. Stately homes which evolved in Swampscott include Professor Elihu Thomson's Georgian revival mansion with its unique and ornate interior carvings. Professor Thomson founded the Thomson-Houston Electric Company which is now the General Electric Company. The building, designed by James T. Kelley, now serves as the Town Administration Building, and is also listed on the National Historic Register. Swampscott has retained the essence of a quiet setting along the north shore of the Atlantic Ocean with the soothing sounds of the ocean lapping along the seashore.

The Town is governed by a Representative Town Meeting form of government and is located on the North Shore of Massachusetts in Essex County approximately 12 miles from Boston. Swampscott is accessible by roads including Routes 129, 114, and 1A. The Town is bordered by the City of Lynn, the City of Salem, and the Town of Marblehead. The Atlantic Ocean borders the Town on the eastern boundary. Swampscott's land area is approximately 3.3 square miles and its population is 14,755 based on the most recent town census.

The Town provides general governmental services for the territory within its boundaries, including police and fire protection, public education in grades kindergarten through twelve, water, sewer street maintenance, parks, beaches, and other recreational facilities.

The Massachusetts Bay Transportation Authority provides public transportation to the Town by way of inter-city bus and commuter rail. By utilizing this transportation option, residents can connect to surrounding communities including the City of Boston, which is a major domestic and internal transportation hub. The Swampscott Housing Authority provides public housing for eligible low income families, the elderly and the handicapped.

Local legislative decisions are made by a Representative Town Meeting. Subject to the legislative decisions made by the Town Meeting, the affairs for the Town are generally administered by a Select Board. The Select Board is supported by the Town Administrator.

Local school affairs are administered by a school committee of five persons, elected for staggered three-year terms on an at large basis. The Water and Sewer operations are managed by the same Select Board. Local taxes are assessed by a board of three assessors, elected for staggered three-year terms.

Budgetary Controls

The Town Administrator is responsible for preparing the budget and reviewing it with the various departments, boards, and committees. This budget is then presented to the to the Select Board and Finance Committee. A nine member Finance Committee made up of citizen volunteers appointed by the Town Moderator reviews the budget and makes recommendations to Town Meeting.

The level of budgetary control is established by Town Meeting and this approval defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department salary and expense level. The Town Accountant is responsible for ensuring all payroll and invoices are within the budgetary control level before authorizing payment. Additional appropriations may be approved at subsequent Town Meetings. The Finance Committee, upon request of the Town Administrator, may approve during the year a transfer from a reserve fund established at Town Meeting. These controls ensure compliance with the budget approved by Town Meeting.

Factors Affecting Economic Condition

Local Economy

The Town of Swampscott continues to reflect a strong economic condition. The per capita income is significantly higher than state averages, and the unemployment rate has always been extremely low. Swampscott has a primarily residential tax base which has grown through rapidly rising home values.

In 2020, the average price of a home in Swampscott was \$599,244 (based upon 2020 sales data), an increase of approximately 7.7% from the previous year. The current economic environment indicates that property values are once again on the rise. The strong building permit activity over the last several years has appeared to reach a peak and is trending to level out once again. Swampscott is an ocean front community with a pristine coastline, as well as having an excellent reputation for academics, athletics, and many cultural and natural amenities. Easy access to the commuter rail facilitates the commute to Boston. All of this has made Swampscott a highly desirable location.

Along with capital costs, the Town continues to be faced with the challenge of how to deal with a relatively flat revenue stream at a time when the cost of providing services to residents of Swampscott continues to increase. State aid continues to be erratic mostly due to Charter School Funding and Enrollment. State aid revenues increased 16.3% from FY 2019 to FY 2020, while state assessments decreased by 26.6% during that period. The three-year average for Net State Aid is a modest 5.94%. Local Receipts showed a one-year increase of over 6.77%, due primarily to a one-time revenue windfall as well as the introduction of a new short-term rental income. The three-year average for local receipts was nearly 5.9%. The Town is also anticipating future new revenues from taxes relating to the retail marijuana establishments.

Proposition 2½ caps the Town's ability to raise taxes and excess levy capacity is limited. The Town has approved a Proposition 2½ operating override twice in the past two decades for building construction of the new High School and Police Station. It is unclear whether this will be a viable solution in the near future.

Fortunately, the Town has long enjoyed a cooperative approach to problem solving among its many boards and committees, departments, unions, and citizens. This cooperation has led to solid fund balances.

During the 2020 budget cycle, departments continued to work together to create a budget that did not rely heavily on long-term reserves. The Town further addressed revenue needs with increased fees wherever practical. Department heads, committees, and boards understand that, all in all, revenues are not going to dramatically increase anytime soon. Knowing this, everyone involved in the budget process is committed to providing services more efficiently and at a lower cost.

Long-Term Financial Planning

The Town's long-term financial planning is focused on addressing the numerous needs of the community, particularly in view of the revenue constraints of Proposition 2½. Discussions are ongoing concerning issues regarding how to provide the community with the level of services it has come to expect under difficult financial conditions. Town departments, the School Committee, Finance Committee, have all provided input.

The Town continues to review and modify its sustainable long-term financial plan. Management recognizes that in order to continue to provide services to the community, while at the same time maintaining its existing infrastructure, a formalized plan is necessary. Issues being discussed include long range capital planning, appropriate reserve levels, and stabilizing the average single-family tax bill. The Town will be planning and designing the new Elementary School, improvements to the old Police Station on Pearle Street, the Rail Trail, and improvements to the Water and Sewer storm drains.

During 2020, the Town dedicated just over \$180,000 in Free Cash and other one-time revenues to fund the portion of the capital plan related to building and equipment replacement and repair. As of FY 2020, the Town had \$977,000 in the Capital Stabilization Fund. Additionally, \$850,000 was voted to increase reserves such as the Stabilization Fund and Capital Stabilization Fund. This figure also includes \$250,000 to fund the Other Postemployment Benefit Fund.

Relevant Financial Policies

The Town uses a zero-based conservative budgeting strategy with the goal of maintaining target ranges for general fund stabilization, capital stabilization, debt limits, and free cash, while utilizing those funds to maintain or decrease the average single-family tax bill.

Major Initiatives

The Town, through its long range planning development and strong financial position, saw its bond rating reaffirmed at AA+ status. We are all very proud of this achievement. It was through these efforts that the Town has secured and maintained such a lofty bond rating.

Acknowledgements

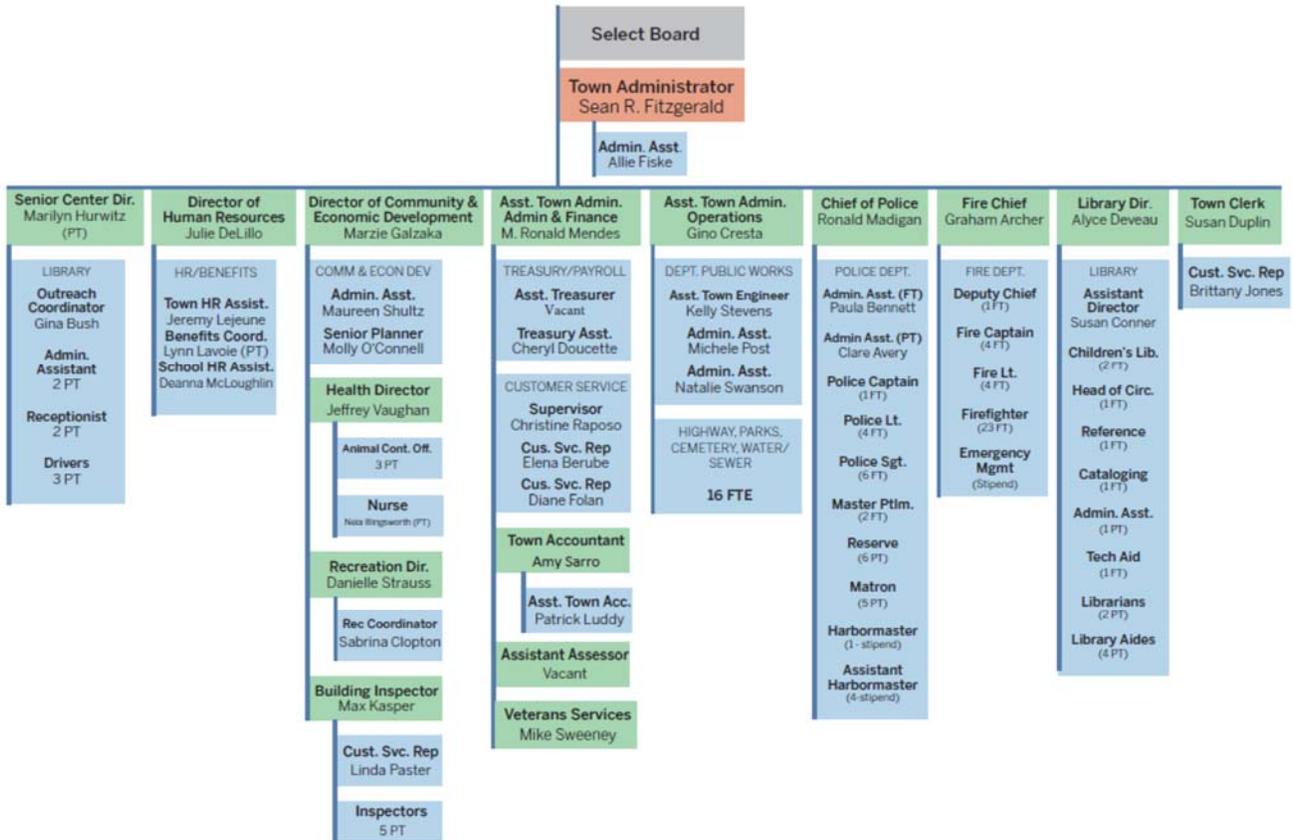
Preparing a document of this magnitude requires a significant investment of time and resources. I am grateful to Financial Team for completing this document. This document reflects well upon the professionalism of our organization and provides a wealth of information to the community.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Sean Fitzgerald", is written over the typed name and title. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Sean Fitzgerald
Town Administrator / CFO

Town of Swampscott Organization Chart



Principal Town Officials

As of June 30, 2020

Elected Officials

Select Board

Peter Spellios
Neal Duffy
David Grishman
Donald Hause
Polly Titcomb

School Committee

Amy O'Connor
Suzanne Wright
Ted Delano
John Giantis
Carin Marshall

Board of Assessors

Neil Sheehan
Linda Paster
Tasia Vasiliou

Principal Executive Officers

Town Administrator
Asst. Town Administrator – Finance & Administration
Town Accountant
Town Clerk
Police Chief
Fire Chief
Superintendent of Schools
School Business Manager
Asst. Town Administrator – Operations/DPW Director
Town Counsel

Sean Fitzgerald
M. Ronald Mendes
Amy Sarro
Susan Duplin
Ron Madigan
Graham Archer
Pamela R. H. Angelakis
Martha Sybert
Gino Cresta, Jr.
KP Law

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Financial Section



Blocksidge Field

Town of Swampscott, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Financial Section

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Independent Auditor's Report

To the Honorable Select Board
Town of Swampscott, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Swampscott, Massachusetts, as of and for the year ended June 30, 2020 (except for the Swampscott Contributory Retirement System which is as of and for the year ended December 31, 2019), and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of the Town of Swampscott, Massachusetts, as of June 30, 2019, were audited by other auditors whose report dated February 7, 2020, expressed an unmodified opinion on those statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Swampscott, Massachusetts, as of June 30, 2020 (except for the Swampscott Contributory Retirement System which is as of and for the year ended December 31, 2019), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As part of our audit of the 2020 financial statements, we also audited the adjustments described in Note 1 that were applied to restate the 2019 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2019 financial statements of the Town of Swampscott, Massachusetts other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 basic financial statements as a whole.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. We have applied certain limited procedures, to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Swampscott's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, based on our audit and the procedures performed as described above, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2021, on our consideration of the Town of Swampscott, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Swampscott's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Powers & Sullivan, LLC".

January 27, 2021

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Management's Discussion and Analysis

As management of the Town of Swampscott, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2020. We encourage readers to consider the information presented in this report in conjunction with the information that we have provided in our letter of transmittal. All amounts, unless otherwise indicated, are expressed in whole dollars.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Swampscott's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The government-wide financial statements provide both long-term and short-term information about the Town as a whole. The fund financial statements focus on the individual components of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability. An additional part of the basic financial statements are the notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets, liabilities and deferred inflows/outflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the Town's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, COVID-19 and interest. The business-type activities include the activities of the water and sewer departments and Town's public cable access television operations.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Swampscott adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided as required supplementary information for the general fund to demonstrate compliance with this budget.

Proprietary funds. The Town maintains one type of proprietary fund.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer, and Public Cable Access activities.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements provide combined information for the pension and other postemployment benefits (OPEB) trust funds of the Town. The pension and other employee benefits trust fund is used to account for assets accumulated to provide funding for future pension and OPEB liabilities. Private-purpose trust funds and agency funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "agency funds", respectively.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

During fiscal year 2020, the Town's overall net position of the primary government decreased by \$310,000, to a deficit balance of \$79 million. This was comprised of a \$33,000 decrease in governmental net position and a \$277,000 decrease in business-type net position. The \$140.4 million deficit in unrestricted government-wide net position is attributable to the Town's recognition of a \$127.1 million net OPEB and the recognition of a \$36 million net pension liability.

Governmental Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the governmental activities, Swampscott's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$94.6 million at the close of 2020.

	2020	2019
Assets:		
Current assets.....	\$ 26,118,167	\$ 22,343,279
Capital assets, non depreciable.....	4,580,132	4,420,080
Capital assets, net of accumulated depreciation....	64,513,918	65,455,405
Total assets.....	95,212,217	92,218,764
Deferred outflows of resources.....	19,445,483	10,043,534
Liabilities:		
Current liabilities (excluding debt).....	4,185,131	4,205,698
Noncurrent liabilities (excluding debt).....	160,016,211	143,769,434
Current debt.....	3,949,870	3,980,213
Noncurrent debt.....	23,371,692	22,886,712
Total liabilities.....	191,522,904	174,842,057
Deferred inflows of resources.....	17,719,197	21,971,802
Net position:		
Net investment in capital assets.....	44,191,052	44,389,371
Restricted.....	2,244,393	1,755,729
Unrestricted.....	(141,019,846)	(140,696,661)
Total net position.....	\$ (94,584,401)	\$ (94,551,561)

Governmental net position of \$44.2 million reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings, building improvements, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$2.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* has a year-end deficit balance of \$141 million. The primary reason for a deficit unrestricted net position is the recognition of a net OPEB liability of \$124.6 million and the recognition of a net pension liability in the amount of \$34.1 million. Accounting standards require the Town to obtain an actuarial valuation of the Town's liability to pay OPEB benefits to current employees and retirees. Since there is no legal obligation to fund the liability at this time, the Town has opted to continue to fund the majority of the OPEB on a pay-as-you-go basis. In addition to funding OPEB on a pay-as-you-go basis, the Town has begun to partially fund the liability and, as of June 30, 2020, the OPEB trust fund has a balance of \$2.4 million. The Town's net pension liability is on a schedule to be funded in accordance with state regulations. GASB standards require the entire unfunded pension and OPEB liabilities to be recorded on the full accrual financial statements.

	2020	2019
Program Revenues:		
Charges for services.....	\$ 5,482,373	\$ 5,684,385
Operating grants and contributions.....	15,870,621	13,028,054
Capital grants and contributions.....	407,706	53,936
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	49,199,911	47,683,067
Motor vehicle and other excise taxes.....	2,493,498	2,615,041
Hotel/motel tax.....	17,067	-
Meals tax.....	252,941	281,625
Penalties and interest on taxes.....	197,319	187,088
Grants and contributions not restricted to specific programs.....	1,495,871	1,382,229
Unrestricted investment income.....	528,601	581,700
Total revenues.....	75,945,908	71,497,125
Expenses:		
General government.....	3,839,270	3,917,989
Public safety.....	12,714,791	13,095,794
Education.....	52,635,675	47,426,155
Public works.....	3,677,606	4,261,594
Health and human services.....	534,707	873,357
Culture and recreation.....	1,549,884	1,606,478
COVID-19.....	272,310	-
Interest.....	878,046	836,357
Total expenses.....	76,102,289	72,017,724
Excess (Deficiency) before transfers.....	(156,381)	(520,599)
Transfers.....	123,541	-
Change in net position.....	(32,840)	(520,599)
Net position, beginning of year.....	(94,551,561)	(94,030,962)
Net position, end of year.....	\$ (94,584,401)	\$ (94,551,561)

The ending governmental net position decreased \$33,000 from the prior year. However, there are some revenue and expense fluctuations that require further discussion. Overall revenue increased \$4.4 million. This increase is due to general budget growth which contributed to a \$1.5 million increase in real estate and personal property tax revenues. Operating grants and contribution revenue increased \$2.8 million because of increased education operating aid from the Commonwealth and an increase in costs, paid by the Commonwealth on the Town's behalf, to the Massachusetts Teachers Retirement System.

Offsetting the revenue increase is a \$3.9 million increase in expenses. Education expense increased \$5 million due to operating budget growth, costs associated with feasibility studies relative to new school construction and increases in expenses associated with the school department share of the net pension and net OPEB liabilities. Changes in expenses associated with the net pension and net OPEB liabilities also contributed to the overall growth in governmental activities expenses.

The governmental expenses totaled \$76.1 million of which \$21.8 million (29%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$54.2 million, primarily coming from property taxes, motor vehicle and other excise taxes, and unrestricted state aid.

Business-type Activities

For the Town’s business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15.6 million at the close of 2020.

Business-type net position of \$15 million represents net investments in capital assets. The remaining balance of unrestricted net position has a year-end balance of \$655,000. There was a net decrease of \$277,000 in total net position reported in the business-type activities during 2020.

	2020	(As Restated) 2019
Assets:		
Current assets.....	\$ 7,255,086	\$ 8,734,924
Capital assets, non depreciable.....	252,182	252,182
Capital assets, net of accumulated depreciation....	20,880,332	20,486,461
Total assets.....	28,387,600	29,473,567
Deferred outflows of resources.....	423,005	409,504
Liabilities:		
Current liabilities (excluding debt).....	646,295	695,304
Noncurrent liabilities (excluding debt).....	4,429,717	4,392,118
Current debt.....	789,595	2,937,506
Noncurrent debt.....	6,811,374	5,371,473
Total liabilities.....	12,676,981	13,396,401
Deferred inflows of resources.....	511,961	588,057
Net position:		
Net investment in capital assets.....	14,966,531	15,507,215
Unrestricted.....	655,132	391,398
Total net position.....	\$ 15,621,663	\$ 15,898,613

The Water Enterprise Fund’s net position totaled \$5.7 million at year end; an increase of \$240,000 from the prior year. The increase is attributable to the Town’s ability to establish user rates that recover costs of services provided. Also contributing to the overall results of operations is the Town repurposing \$75,000 in unneeded water capital funding to a purpose benefitting the governmental activities. Revenues in this fund consist primarily of charges for water service and approximately 58% of the operating expenses consist of assessments paid to the Massachusetts Water Resource Authority.

The Sewer Enterprise Fund’s net position totaled \$9.6 million at year end: a decrease of \$862,000 from the prior year. The decrease in fund balance is partly due to the Town repurposing \$346,000 in unneeded sewer capital funding to a purpose benefitting the governmental activities. Revenues in this fund consist primarily of charges for services and approximately 29% of the operating expenses consist of an assessment paid to the City of Lynn for sewage disposal purposes.

The Public Cable Access fund's net position totaled \$345,000 at year end. This is a new enterprise fund activity in fiscal 2020. In prior fiscal years, this activity was accounted for as a governmental activity. During 2020, Town Meeting voted to treat the activity as an enterprise for 2020 and future periods. This was done in accordance with regulations put forth by the Commonwealth of Massachusetts. Revenues in this fund consist primarily of user fees that are assessed via cable bills that are collected by the Town's licensed cable service provider. In accordance with the Town Meeting vote, the governmental activities also transferred in \$297,000 to the fund. This amount represents fund balance that had accumulated while the activity was accounted as a governmental activity.

	2020	(As Restated) 2019
Program Revenues:		
Charges for services..... \$	6,468,086	\$ 5,899,373
General Revenues:		
Unrestricted investment income.....	20,375	32,495
Total revenues.....	6,488,461	5,931,868
Expenses:		
Water.....	3,478,712	3,266,611
Sewer.....	3,014,668	2,945,404
Public Cable Access.....	148,490	-
Total expenses.....	6,641,870	6,212,015
Excess (Deficiency) before transfers.....	(153,409)	(280,147)
Transfers.....	(123,541)	-
Change in net position.....	(276,950)	(280,147)
Net position, beginning of year (as restated).....	15,898,613	16,178,760
Net position, end of year..... \$	15,621,663	\$ 15,898,613

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$18.9 million, an increase of \$3.7 million from the prior year.

The General Fund is the chief operating fund. At the end of the current year, unassigned fund balance of the General Fund totaled \$13.7 million, while total fund balance was \$14.4 million. It may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20.2% of total general fund expenditures, while total fund balance represents 21.28% of that same amount.

The General Fund increased \$1.8 million. This increase is attributable to unbudgeted receipts of \$858,000 which are discussed further in the *General Fund Budgetary Highlights* section of this discussion. Other positive budgetary results contributed to the increase in fund balance.

The Capital Projects Fund is used to account for the financial activities associated with major capital projects that have been authorized by Town Meeting and approved by the voters to be funded by the proceeds of bond sales and other available funding. The capital projects fund had a net increase of approximately \$1.5 million during 2020, which was the net result of the receipt of \$3.2 million from the issuance of long-term bonds and related bond premiums and expenditures of \$2.2 million spent mainly on education and public works projects.

The nonmajor governmental funds increased by \$287,000. This is due to timing differences between the receipt and expenditure of state and federal grant funds and other special revenue.

General Fund Budgetary Highlights

When establishing the original budget, the Town budgeted revenues and transfers in totaling \$61.2 million. This revenue budget was consistent throughout the fiscal year. Actual revenues, in total, exceeded budget estimates by \$858,000. Real estate and personal property tax revenues were \$762,000 less than budget. This in line with historic collection rates.

Additional significant differences between budgeted revenues and actual collections are as follows:

- Reimbursements from FEMA, amounting to roughly \$299,000, to reimburse the Town for prior year storm cleanup. This amount was unbudgeted.
- Unbudgeted collections of \$210,000 of tax liens placed on unpaid property tax accounts in prior years.
- School tuition reimbursements due the Town, in accordance with, an inter-municipal agreement were \$270,000 higher than budgeted amounts.
- Actual building permit fees exceeded budget by \$193,000
- An unbudgeted one-time \$450,000 receipt associated with execution of the lease of Town owned property.
- Actual state operating assistance was higher than budget estimates by \$192,000.

Budgeted expenditures and encumbrances ended the year approximately \$1.2 million under budget. The reasons for this are as follows:

- Public works expenditures and encumbrances were less than budgeted amounts by \$216,000. This is largely due to favorable winter weather conditions which led to decreased snow and ice removal costs.
- Debt service expenditures were less than budgeted amounts by \$312,000. This is due to planned actual long-term debt repayment schedules being structured in manner that results in actual costs being less than anticipated.
- The Town appropriated \$217,000 for reserve fund purposes. Due to prudent management of the overall budget, the need to use this funding for specific departments did not arise.

The \$200,000 change between the original and final budget consists of an increased use of free cash to fund increased special education tuition costs.

Capital Asset and Debt Administration

Capital assets. Capital additions of the governmental activities totaled \$2.1 million. The Town also recognized depreciation expense of \$2.9 million. The major capital asset additions of the governmental activities consisted of capitalized infrastructure costs totaling \$1.2 million mainly for drain and road improvements. The other \$900,000 of capital asset activity consisted of construction in process, land improvements, machinery and equipment, including the purchase of several new vehicles.

Capital additions of the business-type activities totaled \$1.2 million which represents capitalized infrastructure costs. The Town also recognized depreciation expense, associated with the business-type activities, in the amount of \$863,000.

Debt administration. At June 30, 2020, the Town had total governmental bonded debt of \$26.1 million. This amount increased \$1.5 million. The Town issued \$3.2 million and paid down \$2.3 million of governmental long-term debt.

The water enterprise fund has \$2.5 million in long-term debt that is supported by the water user rates.

The sewer enterprise fund has \$5.1 million in long-term debt that is supported by the sewer user rates.

Please refer to the notes 5, 6 and 7 of the basic financial statements for further discussion of the Town's major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the Town of Swampscott's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, 22 Monument Avenue, Swampscott, Massachusetts 01907.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2020

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 16,801,368	\$ 4,948,797	\$ 21,750,165
Investments.....	6,527,804	-	6,527,804
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,238,907	-	1,238,907
Tax and utility liens.....	706,319	153,282	859,601
Motor vehicle and other excise taxes.....	380,873	-	380,873
User charges.....	-	2,153,007	2,153,007
Departmental and other.....	14,986	-	14,986
Intergovernmental - other.....	447,910	-	447,910
Total current assets.....	<u>26,118,167</u>	<u>7,255,086</u>	<u>33,373,253</u>
NONCURRENT:			
Capital assets, nondepreciable.....	4,580,132	252,182	4,832,314
Capital assets, net of accumulated depreciation.....	<u>64,513,918</u>	<u>20,880,332</u>	<u>85,394,250</u>
Total noncurrent assets.....	<u>69,094,050</u>	<u>21,132,514</u>	<u>90,226,564</u>
TOTAL ASSETS.....	<u>95,212,217</u>	<u>28,387,600</u>	<u>123,599,817</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	855,889	48,141	904,030
Deferred outflows related to other postemployment benefits.....	<u>18,589,594</u>	<u>374,864</u>	<u>18,964,458</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>19,445,483</u>	<u>423,005</u>	<u>19,868,488</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	846,554	566,297	1,412,851
Accrued payroll.....	2,149,125	25,367	2,174,492
Tax refunds payable.....	453,000	-	453,000
Accrued interest.....	318,741	54,631	373,372
Other liabilities.....	191,394	-	191,394
Fees collected in advance.....	76,887	-	76,887
Compensated absences.....	149,430	-	149,430
Notes payable.....	1,190,000	-	1,190,000
Bonds payable.....	<u>2,759,870</u>	<u>789,595</u>	<u>3,549,465</u>
Total current liabilities.....	<u>8,135,001</u>	<u>1,435,890</u>	<u>9,570,891</u>
NONCURRENT:			
Compensated absences.....	1,344,865	-	1,344,865
Net pension liability.....	34,091,887	1,917,538	36,009,425
Net other postemployment benefits liability.....	124,579,459	2,512,179	127,091,638
Bonds payable.....	<u>23,371,692</u>	<u>6,811,374</u>	<u>30,183,066</u>
Total noncurrent liabilities.....	<u>183,387,903</u>	<u>11,241,091</u>	<u>194,628,994</u>
TOTAL LIABILITIES.....	<u>191,522,904</u>	<u>12,676,981</u>	<u>204,199,885</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance.....	82,024	-	82,024
Deferred inflows related to pensions.....	4,332,033	243,660	4,575,693
Deferred inflows related to other postemployment benefits.....	<u>13,305,140</u>	<u>268,301</u>	<u>13,573,441</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>17,719,197</u>	<u>511,961</u>	<u>18,231,158</u>
NET POSITION			
Net investment in capital assets.....	44,191,052	14,966,531	59,157,583
Restricted for:			
Permanent funds:			
Expendable.....	585,801	-	585,801
Nonexpendable.....	472,996	-	472,996
Gifts and grants.....	1,185,596	-	1,185,596
Unrestricted.....	<u>(141,019,846)</u>	<u>655,132</u>	<u>(140,364,714)</u>
TOTAL NET POSITION.....	<u>\$ (94,584,401)</u>	<u>\$ 15,621,663</u>	<u>\$ (78,962,738)</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 3,839,270	\$ 1,110,323	\$ 105,580	\$ -	\$ (2,623,367)
Public safety.....	12,714,791	1,228,540	39,070	2,725	(11,444,456)
Education.....	52,635,675	2,670,299	14,905,286	-	(35,060,090)
Public works.....	3,677,606	138,907	318,605	404,981	(2,815,113)
Health and human services.....	534,707	55,358	39,779	-	(439,570)
Culture and recreation.....	1,549,884	278,946	189,991	-	(1,080,947)
COVID-19.....	272,310	-	272,310	-	-
Interest.....	878,046	-	-	-	(878,046)
Total Governmental Activities.....	76,102,289	5,482,373	15,870,621	407,706	(54,341,589)
<i>Business-Type Activities:</i>					
Water.....	3,478,712	3,785,484	-	-	306,772
Sewer.....	3,014,668	2,486,243	-	-	(528,425)
Public Cable Access.....	148,490	196,359	-	-	47,869
Total Business-Type Activities.....	6,641,870	6,468,086	-	-	(173,784)
Total Primary Government.....	\$ 82,744,159	\$ 11,950,459	\$ 15,870,621	\$ 407,706	\$ (54,515,373)

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(54,341,589)	\$ (173,784)	\$ (54,515,373)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	49,199,911	-	49,199,911
Motor vehicle and other excise taxes.....	2,493,498	-	2,493,498
Hotel/motel tax.....	17,067	-	17,067
Meals tax.....	252,941	-	252,941
Penalties and interest on taxes.....	197,319	-	197,319
Grants and contributions not restricted to specific programs.....	1,495,871	-	1,495,871
Unrestricted investment income.....	528,601	20,375	548,976
<i>Transfers, net</i>	123,541	(123,541)	-
Total general revenues and transfers.....	54,308,749	(103,166)	54,205,583
Change in net position.....	(32,840)	(276,950)	(309,790)
<i>Net position:</i>			
Beginning of year (as restated).....	(94,551,561)	15,898,613	(78,652,948)
End of year..... \$	(94,584,401)	\$ 15,621,663	\$ (78,962,738)

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2020

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 10,579,246	\$ 2,621,140	\$ 3,600,982	\$ 16,801,368
Investments.....	6,527,804	-	-	6,527,804
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	1,238,907	-	-	1,238,907
Tax liens.....	706,319	-	-	706,319
Motor vehicle and other excise taxes.....	380,873	-	-	380,873
Departmental and other.....	10,636	-	4,350	14,986
Intergovernmental - other.....	-	-	447,910	447,910
Due from other funds.....	458,227	-	-	458,227
TOTAL ASSETS.....	\$ 19,902,012	\$ 2,621,140	\$ 4,053,242	\$ 26,576,394
LIABILITIES				
Warrants payable.....	\$ 427,345	\$ 202,576	\$ 216,633	\$ 846,554
Accrued payroll.....	2,117,966	928	30,231	2,149,125
Tax refunds payable.....	453,000	-	-	453,000
Due to other funds.....	-	-	458,227	458,227
Other liabilities.....	191,394	-	-	191,394
Unearned revenue.....	-	-	76,887	76,887
Notes payable.....	-	1,190,000	-	1,190,000
TOTAL LIABILITIES.....	3,189,705	1,393,504	781,978	5,365,187
DEFERRED INFLOWS OF RESOURCES				
Taxes paid in advance.....	82,024	-	-	82,024
Unavailable revenue.....	2,182,135	-	4,350	2,186,485
TOTAL DEFERRED INFLOWS OF RESOURCES.....	2,264,159	-	4,350	2,268,509
FUND BALANCES				
Nonspendable.....	-	-	472,996	472,996
Restricted.....	-	1,227,636	2,793,918	4,021,554
Assigned.....	744,319	-	-	744,319
Unassigned.....	13,703,829	-	-	13,703,829
TOTAL FUND BALANCES.....	14,448,148	1,227,636	3,266,914	18,942,698
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 19,902,012	\$ 2,621,140	\$ 4,053,242	\$ 26,576,394

See notes to basic financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION**

JUNE 30, 2020

Total governmental fund balances.....		\$ 18,942,698
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		69,094,050
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		2,186,485
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		1,808,310
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(318,741)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(26,131,562)	
Net pension liability.....	(34,091,887)	
Net other postemployment benefits liability.....	(124,579,459)	
Compensated absences.....	<u>(1,494,295)</u>	
Net effect of reporting long-term liabilities.....		<u>(186,297,203)</u>
Net position of governmental activities.....		\$ <u><u>(94,584,401)</u></u>

See notes to basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2020

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 48,515,499	\$ -	\$ -	\$ 48,515,499
Tax liens.....	209,585	-	-	209,585
Motor vehicle and other excise taxes.....	2,372,736	-	-	2,372,736
Hotel/motel tax.....	17,067	-	-	17,067
Meals tax.....	252,941	-	-	252,941
Charges for services.....	-	-	1,209,875	1,209,875
Penalties and interest on taxes.....	197,319	-	-	197,319
Licenses and permits.....	702,368	-	-	702,368
Fines and forfeitures.....	81,195	-	-	81,195
Intergovernmental - state aid.....	5,995,364	-	-	5,995,364
Intergovernmental - Teachers Retirement.....	7,810,824	-	-	7,810,824
Intergovernmental - other.....	298,605	-	3,109,158	3,407,763
Intergovernmental - COVID-19 relief.....	-	-	272,310	272,310
Departmental and other.....	2,836,551	-	739,755	3,576,306
Contributions and donations.....	-	-	256,883	256,883
Investment income.....	524,875	-	3,726	528,601
TOTAL REVENUES.....	69,814,929	-	5,591,707	75,406,636
EXPENDITURES:				
Current:				
General government.....	2,648,711	157,527	180,316	2,986,554
Public safety.....	7,663,413	128,440	514,219	8,306,072
Education.....	30,040,427	682,724	3,200,617	33,923,768
Public works.....	2,705,128	1,239,906	518,140	4,463,174
Health and human services.....	322,841	-	46,084	368,925
Culture and recreation.....	756,790	-	275,783	1,032,573
COVID-19.....	-	-	272,310	272,310
Pension benefits.....	5,214,577	-	-	5,214,577
Pension benefits - Teachers Retirement.....	7,810,824	-	-	7,810,824
Property and liability insurance.....	361,369	-	-	361,369
Employee benefits.....	6,183,172	-	-	6,183,172
State and county charges.....	1,106,875	-	-	1,106,875
Debt service:				
Principal.....	2,315,865	-	-	2,315,865
Interest.....	772,804	-	-	772,804
TOTAL EXPENDITURES.....	67,902,796	2,208,597	5,007,469	75,118,862
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	1,912,133	(2,208,597)	584,238	287,774
OTHER FINANCING SOURCES (USES):				
Issuance of bonds.....	-	3,053,000	-	3,053,000
Premium from issuance of bonds.....	-	191,850	-	191,850
Transfers in.....	-	483,924	-	483,924
Transfers out.....	(63,400)	-	(296,983)	(360,383)
TOTAL OTHER FINANCING SOURCES (USES)....	(63,400)	3,728,774	(296,983)	3,368,391
NET CHANGE IN FUND BALANCES.....	1,848,733	1,520,177	287,255	3,656,165
FUND BALANCES AT BEGINNING OF YEAR.....	12,599,415	(292,541)	2,979,659	15,286,533
FUND BALANCES AT END OF YEAR.....	\$ 14,448,148	\$ 1,227,636	\$ 3,266,914	\$ 18,942,698

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds.....		\$ 3,656,165
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	2,110,630	
Depreciation expense.....	<u>(2,892,065)</u>	
Net effect of reporting capital assets.....		(781,435)
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		539,272
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....	(3,053,000)	
Premium from issuance of bonds.....	(191,850)	
Net amortization of premium from issuance of bonds.....	47,348	
Net change in deferred charge on refunding.....	(54,196)	
Debt service principal payments.....	<u>2,315,865</u>	
Net effect of reporting long-term debt.....		(935,833)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(50,531)	
Net change in accrued interest on long-term debt.....	(98,395)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(5,166,240)	
Net change in net pension liability.....	6,851,882	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	18,943,897	
Net change in net other postemployment benefits liability.....	(23,607,221)	
Net change in workers' compensation liability.....	<u>615,599</u>	
Net effect of recording long-term liabilities.....		<u>(2,511,009)</u>
Change in net position of governmental activities.....		\$ <u><u>(32,840)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2020

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Public Cable Access	Total
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 1,611,451	\$ 3,019,954	\$ 317,392	\$ 4,948,797
Receivables, net of allowance for uncollectibles:				
Liens - user charges.....	77,027	76,255	-	153,282
User charges.....	1,239,067	913,940	-	2,153,007
Total current assets.....	<u>2,927,545</u>	<u>4,010,149</u>	<u>317,392</u>	<u>7,255,086</u>
NONCURRENT:				
Capital assets, non depreciable.....	2,542	249,640	-	252,182
Capital assets, net of accumulated depreciation.....	7,601,282	13,249,321	29,729	20,880,332
Total noncurrent assets.....	<u>7,603,824</u>	<u>13,498,961</u>	<u>29,729</u>	<u>21,132,514</u>
TOTAL ASSETS.....	<u>10,531,369</u>	<u>17,509,110</u>	<u>347,121</u>	<u>28,387,600</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions.....	23,658	24,483	-	48,141
Deferred outflows related to other postemployment benefits.....	179,711	195,153	-	374,864
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>203,369</u>	<u>219,636</u>	<u>-</u>	<u>423,005</u>
LIABILITIES				
CURRENT:				
Warrants payable.....	170,509	393,998	1,790	566,297
Accrued payroll.....	13,398	11,490	479	25,367
Accrued interest.....	-	54,631	-	54,631
Bonds payable.....	494,995	294,600	-	789,595
Total current liabilities.....	<u>678,902</u>	<u>754,719</u>	<u>2,269</u>	<u>1,435,890</u>
NONCURRENT:				
Net pension liability.....	942,331	975,207	-	1,917,538
Net other postemployment benefits liability.....	1,204,345	1,307,834	-	2,512,179
Bonds payable.....	1,985,001	4,826,373	-	6,811,374
Total noncurrent liabilities.....	<u>4,131,677</u>	<u>7,109,414</u>	<u>-</u>	<u>11,241,091</u>
TOTAL LIABILITIES.....	<u>4,810,579</u>	<u>7,864,133</u>	<u>2,269</u>	<u>12,676,981</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions.....	119,741	123,919	-	243,660
Deferred inflows related to other postemployment benefits.....	128,624	139,677	-	268,301
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>248,365</u>	<u>263,596</u>	<u>-</u>	<u>511,961</u>
NET POSITION				
Net investment in capital assets.....	5,234,694	9,702,108	29,729	14,966,531
Unrestricted.....	441,100	(101,091)	315,123	655,132
TOTAL NET POSITION.....	<u>\$ 5,675,794</u>	<u>\$ 9,601,017</u>	<u>\$ 344,852</u>	<u>\$ 15,621,663</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Public Cable Access	Total
OPERATING REVENUES:				
Charges for services.....	\$ 3,721,530	\$ 2,447,249	\$ 196,359	\$ 6,365,138
Liens - charges for services.....	63,954	38,994	-	102,948
TOTAL OPERATING REVENUES	3,785,484	2,486,243	196,359	6,468,086
OPERATING EXPENSES:				
Cost of services and administration.....	639,987	1,100,113	117,314	1,857,414
Salaries and wages.....	384,004	350,525	26,958	761,487
MWRA assessment.....	2,165,563	-	-	2,165,563
City of Lynn Assessment.....	-	833,646	-	833,646
Depreciation.....	289,158	569,409	4,218	862,785
TOTAL OPERATING EXPENSES.....	3,478,712	2,853,693	148,490	6,480,895
OPERATING INCOME (LOSS).....	306,772	(367,450)	47,869	(12,809)
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	8,453	11,922	-	20,375
Interest expense.....	-	(160,975)	-	(160,975)
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	8,453	(149,053)	-	(140,600)
INCOME (LOSS) BEFORE TRANSFERS.....	315,225	(516,503)	47,869	(153,409)
TRANSFERS:				
Transfers in.....	-	-	296,983	296,983
Transfers out.....	(75,000)	(345,524)	-	(420,524)
TOTAL TRANSFERS.....	(75,000)	(345,524)	296,983	(123,541)
CHANGE IN NET POSITION.....	240,225	(862,027)	344,852	(276,950)
NET POSITION AT BEGINNING OF YEAR (as restated).....	5,435,569	10,463,044	-	15,898,613
NET POSITION AT END OF YEAR.....	\$ 5,675,794	\$ 9,601,017	\$ 344,852	\$ 15,621,663

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Public Cable Access	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users.....	\$ 3,718,547	\$ 2,381,363	\$ 196,359	\$ 6,296,269
Payments to vendors.....	(2,512,170)	(1,742,491)	(115,524)	(4,370,185)
Payments to employees.....	(575,236)	(552,831)	(26,479)	(1,154,546)
NET CASH FROM OPERATING ACTIVITIES.....	631,141	86,041	54,356	771,538
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in.....	-	-	296,983	296,983
Transfers out.....	(75,000)	(345,524)	-	(420,524)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(75,000)	(345,524)	296,983	(123,541)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the issuance of bonds.....	-	2,177,000	-	2,177,000
Premium from the issuance of bonds.....	-	52,496	-	52,496
Acquisition and construction of capital assets.....	(571,294)	(866,035)	(33,947)	(1,471,276)
Principal payments on bonds and notes.....	(507,053)	(2,419,616)	-	(2,926,669)
Interest expense.....	-	(151,579)	-	(151,579)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,078,347)	(1,207,734)	(33,947)	(2,320,028)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income.....	8,453	11,922	-	20,375
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(513,753)	(1,455,295)	317,392	(1,651,656)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	2,125,204	4,475,249	-	6,600,453
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 1,611,451	\$ 3,019,954	\$ 317,392	\$ 4,948,797
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH				
FROM OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 306,772	\$ (367,450)	\$ 47,869	\$ (12,809)
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation.....	289,158	569,409	4,218	862,785
Deferred (outflows)/inflows related to pensions.....	144,801	147,611	-	292,412
Deferred (outflows)/inflows related to other postemployment benefits.....	(183,137)	(198,872)	-	(382,009)
Changes in assets and liabilities:				
Liens - user charges.....	(12,071)	(5,940)	-	(18,011)
User charges.....	(54,866)	(98,940)	-	(153,806)
Warrants payable.....	158,258	(12,317)	1,790	147,731
Accrued payroll.....	(191)	(1,675)	479	(1,387)
Compensated absences.....	(7,904)	(1,759)	-	(9,663)
Net pension liability.....	(237,896)	(191,854)	-	(429,750)
Net other postemployment benefits.....	228,217	247,828	-	476,045
Total adjustments.....	324,369	453,491	6,487	784,347
NET CASH FROM OPERATING ACTIVITIES.....	\$ 631,141	\$ 86,041	\$ 54,356	\$ 771,538
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Acquisition of capital assets on account.....	-	240,700	-	240,700

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 417,058	\$ 238,351	\$ 222,981
Investments:			
Investments in Pension Reserve Investment Trust.....	49,407,810	-	-
U.S. treasuries.....	195,825	-	-
Collective Investment Trust Fund.....	10,983,147	-	-
Real Estate	6,160,559	-	-
Government sponsored enterprises.....	161,901	-	-
Corporate bonds.....	271,027	-	-
Equity securities.....	792,639	-	-
Equity mutual funds.....	387,954	-	-
Fixed income mutual funds.....	239,180	-	-
International equity mutual funds.....	301,502	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	1,430	-	-
Interest and dividends.....	603	-	-
TOTAL ASSETS.....	69,320,635	238,351	222,981
LIABILITIES			
Warrants payable.....	69,525	-	215
Liabilities due depositors.....	-	-	222,766
TOTAL LIABILITIES.....	69,525	-	222,981
NET POSITION			
Restricted for pensions.....	66,854,914	-	-
Restricted for other postemployment benefits.....	2,396,196	-	-
Held in trust for other purposes.....	-	238,351	-
TOTAL NET POSITION.....	\$ 69,251,110	\$ 238,351	\$ -

(1) The Pension Trust Fund is as of December 31, 2019.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 5,657,295	\$ -
Employer contributions for other postemployment benefit payments...	2,890,565	-
Member contributions.....	1,303,581	-
Transfers from other systems.....	295,520	-
3(8)c contributions from other systems.....	175,424	-
State COLA reimbursements.....	59,437	-
Private donations.....	-	930
Total contributions.....	10,381,822	930
Net investment income:		
Investment income.....	10,504,769	232
Less: investment expense.....	(310,165)	-
Net investment income (loss).....	10,194,604	232
TOTAL ADDITIONS.....	20,576,426	1,162
DEDUCTIONS:		
Administration.....	270,161	-
Retirement benefits - transfers to other systems.....	129,707	-
Retirement benefits - 3(8)c transfer to other systems.....	382,340	-
Retirement benefits and refunds.....	6,221,354	-
Other postemployment benefit payments.....	2,890,565	-
Educational scholarships.....	-	21,266
TOTAL DEDUCTIONS.....	9,894,127	21,266
NET INCREASE (DECREASE) IN NET POSITION.....	10,682,299	(20,104)
NET POSITION AT BEGINNING OF YEAR.....	58,568,811	258,455
NET POSITION AT END OF YEAR.....	\$ 69,251,110	\$ 238,351

(1) The Pension Trust Fund is as of December 31, 2019.

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Town of Swampscott, Massachusetts, (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Town accounting policies are described herein.

A. Reporting Entity

The Town of Swampscott is a municipal corporation that is governed by an elected five member Select Board.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the Town (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

Component Unit Presented as a Fiduciary Fund – The Swampscott Contributory Retirement System (the System) is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements. The System is governed by a five-member board comprised of the Town’s Finance Director (ex-officio), two elected members and one member appointed by the Select Board and one member appointed by the Board members. The System is a legally separate entity, but the nature and significance of its relationship with the Town warrants inclusion in the basic financial statements. The System does not issue a separately audited financial statement but does issue a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts’ Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System at 22 Monument Ave, Swampscott, MA 01907.

Joint Ventures – The Town is a member of the Essex North Shore Agricultural and Technical School District that serves the members’ students seeking an education in academic, technical and agricultural studies. The members’ share in the operations of the Essex North Shore Agricultural and Technical School District and each member is responsible for its proportionate share of the operational and capital cost of the Essex North Shore Agricultural and Technical School District, which are paid in the form of assessments. The Town does not have an equity interest in the Essex North Shore Agricultural and Technical School District and the 2020 assessment was \$500,255. Complete financial information can be obtained by contacting them at 565 Maple Street, Danvers, MA 01923.

B. Government-Wide and Fund Financial Statements*Government-Wide Financial Statements*

The government-wide financial statements (i.e. statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are supported primarily by user fees and charges.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows or resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operation requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items are not identifiable as program revenues and are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, and claims and judgments are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property taxes are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred, and all other grant requirements are met.

The following major governmental funds are reported:

The *General Fund* is the primary operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for the financial activities associated with major capital projects that have been authorized by Town Meeting.

The nonmajor governmental funds consist of special revenue and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describe the general use of this fund type:

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *permanent funds* are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used to purposes that support the government's programs and benefit the government or its citizenry.

Proprietary funds are accounted for using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the

proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major enterprise funds are reported:

The *Water* fund is used to account for the Town's water activities.

The *Sewer* fund is used to account for the Town's sewer activities.

The *Public Cable Access* fund is used to account activities related to the Town's public access TV station.

Fiduciary funds are reported using the flow of economic resources measurement focus and use the accrual basis of accounting excluding Agency Funds. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following Fiduciary funds are reported:

The *pension and other employee benefit trust fund* is used to account for the activities of the Retirement System and the Town's defined benefit healthcare plan, which accumulate resources to provide pension and OPEB benefits to eligible retirees and their beneficiaries.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allow the trustees to authorize spending of the realized investment earnings. The Town's educational scholarships and assistance to benefit the needy are accounted for in this fund.

The *agency fund* is used to account for assets held in a purely custodial capacity. Agency funds apply the accrual basis of accounting but do not have a measurement focus. The Town's agency fund consists of school student activity accounts.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition.

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities traded in the over-the-counter market. The fair value of real estate investments is based upon independent appraisals. Investments that do not have an established market are reported at estimated fair values.

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable and Allowance for Uncollectible Accounts

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

Real and personal property taxes are based upon values assessed as of January 1 of every year. Assessed value are established by the Board of Assessor's for 100% of fair market value. Taxes are due on August 1st, November 1st, February 1st, and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed six to nine months after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed. Real estate receivables that are secured via the tax lien process are considered more likely to be collected.

Personal property taxes cannot be secured via the lien process. The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

Motor Vehicle and Other Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of those boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value.

The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

Departmental and Other

Departmental and other receivables are recorded as receivables in the year the revenue is earned. The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred, and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectible accounts.

Water and Sewer

Water and Sewer user fees are based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user fees are estimated at year-end and are recorded as revenue in the current period.

The allowance for uncollectible accounts has been estimated based on historical trends and is reflected as a reduction to the receivables in the asset section of the financial statements.

G. Inventories

Government-Wide and Fund Financial Statements

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government wide and fund based financial statements and therefore are not reported.

H. Capital Assets

Government-Wide and Fund Financial Statements

Capital assets, which include land, construction in progress, land improvements, buildings and improvements, machinery and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental, business-type activity and fiduciary column of the government-wide and fund based financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Except for capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$25,000, and with the expected useful lives of greater than one year, are capitalized at the date of acquisition or construction. Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis.

The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20 - 30
Buildings and improvements.....	7 - 50
Machinery and equipment.....	3 - 20
Infrastructure.....	20 - 60

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Town has reported deferred outflows of resources related to pensions and other postemployment benefits in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town reported deferred inflows of resources related to taxes paid in advance, pensions, other postemployment benefits, in this category.

Governmental Fund Financial Statements

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has recorded taxes paid in advance and unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances".

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

K. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

L. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws, and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested and accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Compensated absences are reported in the governmental funds only if they have matured, i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement. Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

M. Long-term Debt*Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

N. Net Position and Fund Equity*Government-Wide Financial Statements (Net Position)*

Net position are reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position reported as "net investment in capital assets" includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to landfill monitoring are not considered to be capital related debt.

Net position has been "restricted for" the following:

Permanent Funds - Expendable Trust Funds - represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings to support governmental programs.

Permanent Funds – Nonexpendable Trust Funds - represents the endowment portion of donor restricted trusts that support governmental programs.

Gifts and Grants - represents grants and gifts restricted by outside parties.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements (Fund Balance)

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. For the Town, Town Meeting is the highest level of decision-making authority that can vote, by article, to commit fund balance. Once committed, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a Town Meeting vote is taken to remove or revise the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Town management is authorized by state law the ability to assign fund balance when there is an obligation to purchase goods or services from the current years’ appropriation. The Finance Director is responsible making the assignment. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount.

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

O. Investment Income

Excluding the enterprise funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of both the Swampscott Contributory Retirement System and the Massachusetts Teachers Retirement System and additions to/deductions from the Systems fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

R. Restatement of Beginning Net Position

Beginning net position of the water and sewer enterprise funds have been restated due to correction of prior year accounts receivable. The details of the restatement are as follows:

	06/30/2019 Previously Reported Balances	User Charges Receivable	06/30/2019 Revised Balances
Government-Wide Financial Statements			
Business-type activities.....	\$ 15,347,438	\$ 551,175	\$ 15,898,613
Business-type Activities - Enterprise Funds			
Water enterprise fund.....	\$ 5,110,854	\$ 324,715	\$ 5,435,569
Sewer enterprise fund.....	10,236,584	226,460	10,463,044
Total.....	\$ 15,347,438	\$ 551,175	\$ 15,898,613

S. Total Columns

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column presented on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash equivalents." The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment

Pool (Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares. The Town participates in the MMDT cash portfolio. The cash portfolio had a weighted average maturity of 52 days.

The Retirement System participates in the Pension Reserves Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from .14 to 16.03 years. The PRIT fund is unrated.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town's policy limits requires that cash deposits are maintained in institutions that maintain a Veribanc green rating with no limit. At year-end, the carrying amount of deposits totaled \$16,953,080 and the bank balance totaled \$17,392,936. Of the bank balance, \$1,250,000 was covered by Federal Depository Insurance, \$2,495,175 was covered by the Depository Insurance Fund and \$13,647,761 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2019, the carrying amount of deposits for the System totaled \$211,592, and the bank balance of \$275,307, was fully covered by Federal Depository Insurance.

Investments

At December 31, 2019, the Town had the following investments:

Investment Type	Fair value	Maturities			
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years
<u>Debt securities:</u>					
U.S. treasury notes.....	\$ 1,390,839	\$ -	\$ 1,303,395	\$ 87,444	\$ -
Government sponsored enterprises.....	1,614,687	252,084	1,201,155	161,448	-
Corporate bonds.....	1,086,723	106,706	757,891	222,126	-
Municipal bonds.....	159,123	-	-	-	159,123
Total debt securities.....	4,251,372	\$ 358,790	\$ 3,262,441	\$ 471,018	\$ 159,123
<u>Other investments:</u>					
Equity securities.....	2,973,793				
Equity mutual funds.....	1,111,985				
Fixed income.....	239,180				
International securities.....	301,502				
Money market mutual funds.....	270,820				
MMDT - Cash portfolio.....	5,033,765				
Total investments.....	\$ 14,182,417				

At December 31, 2019, the System had the following investments:

<u>Other investments:</u>	
Collective investment trust fund.....	\$ 10,983,147
Real estate investment trust.....	6,160,559
Pension Reserve Investment Trust (PRIT).....	<u>49,407,810</u>
 Total investments.....	 \$ <u>66,551,516</u>

Custodial Credit Risk – Investments

For investments, custodial credit risk is the risk that, in the event of a failure by the counterparty, the government will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The primary objective of the Town’s investment policy for custodial credit risk is to minimize the risk to investment principal through the careful selection of investment custodians. Of the Town’s investments, \$1,390,839 in U.S. Treasury Notes, \$1,614,687 in Government Sponsored Enterprises, \$1,086,723 in Corporate Bonds, \$159,123 in Municipal Bonds, and \$3,361,747 in Equity Securities are exposed to custodial credit risk because the related securities are uninsured, unregistered, and held by the counterparty. The Town’s investment in MMDT which totaled \$5,033,765 is not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

At December 31, 2019, the System’s investments were not subject to custodial credit risk exposure because the investments are not evidenced by securities that exist in physical or book-entry form.

The System has not adopted a formal policy related to custodial credit risk.

Interest Rate Risk

The Town has a formal investment policy limiting investment maturities up to one year as a means of managing its exposure to fair value losses arising from increasing interest rates. The System does not have a formal investment policy related to interest rate risk.

The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has not adopted a formal policy related to Credit Risk. The Town’s investments in MMDT and PRIT are unrated. The System has not adopted a formal policy related to Credit Risk. The Town’s investments were rated as follows:

Quality Rating	Government Sponsored Enterprises	Corporate Bonds	Municipal Bonds
AA+.....	\$ 1,614,687	\$ -	\$ 159,123
AA-.....	-	32,729	-
A+.....	-	241,380	-
A.....	-	55,738	-
A-.....	-	430,053	-
BBB+.....	-	222,528	-
BBB.....	-	53,668	-
BBB-.....	-	50,627	-
Total.....	\$ <u>1,614,687</u>	\$ <u>1,086,723</u>	\$ <u>159,123</u>

The System's investments are unrated.

Concentration of Credit Risk

The Town restricts investments to no more than 5% in any one issue. The Town did not have more than 5% of its investments in any one individual security.

Interest Rate Risk

The Town and System do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a tabular format for disclosing the levels within the fair value hierarchy.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2020:

Investment Type	June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 1,390,839	\$ 1,390,839	\$ -	-
Government sponsored enterprises.....	1,614,687	1,614,687	-	-
Corporate bonds.....	1,086,723	-	1,086,723	-
Municipal bonds.....	159,123	159,123	-	-
Total debt securities.....	<u>4,251,372</u>	<u>3,164,649</u>	<u>1,086,723</u>	<u>-</u>
<u>Other investments:</u>				
Equity securities.....	2,973,793	2,973,793	-	-
Equity mutual funds.....	1,111,985	1,111,985	-	-
International securities.....	301,502	301,502	-	-
Total other investments.....	<u>4,897,280</u>	<u>4,897,280</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value.....	<u>9,148,652</u>	<u>\$ 8,061,929</u>	<u>\$ 1,086,723</u>	<u>\$ -</u>
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	<u>5,033,765</u>			
Total investments.....	<u>\$ 14,182,417</u>			

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

PRIT Investments are valued using the net asset value method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The Town does not have the ability to control any of the investment decisions relative to its funds in PRIT.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

Retirement System

The retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the System’s activities, the plan shows greater disaggregation in its disclosures. The System chooses a narrative format for disclosing the levels within the fair value hierarchy. The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System’s investments as of December 31, 2019 are valued using the net asset value (NAV) method per share or its equivalent is presented in the following table:

Investment Type	December 31, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Collective investment trust fund.....	\$ 10,983,147	\$ 10,983,147	\$ -	\$ -
Real estate investment trust.....	6,160,559	6,160,559	-	-
Pension Reserve Investment Trust (PRIT).....	49,407,810	49,407,810	-	-
Total investments measured at fair value.....	\$ 66,551,516	\$ 66,551,516	\$ -	\$ -

- (1) Pension Reserves Investment Trust – This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The values of the positions in each investment pool are the same as the value of each Pool’s shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.
- (2) Collective investment trust fund – This type of investment includes a fund with an investment objective to seek capital appreciation by investing a substantial portion of the fund’s assets in equity securities of companies that demonstrate promising growth potential. The values of the investments in this type has been determined using the NAV of the System’s ownership interest in the net assets of the fund.
- (3) Real Estate – This type includes an investment in a partnership that invests primarily in commercial real estate located in the United States. The value of the investment has been determined using the NAV of the System’s ownership interest in partners’ capital. The principal investment is only be redeemable at the termination of the partnership agreement. Distributions from this partnership will be received as the underlying investments are liquidated. It is expected that the underlying assets will be liquidated over the next 1 to 3 years.

NOTE 3 – RECEIVABLES

At June 30, 2020, receivables for the individual major and non-major governmental funds; and the fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,285,257	\$ (46,350)	\$ 1,238,907
Tax liens.....	706,319	-	706,319
Motor vehicle and other excise taxes.....	555,056	(174,183)	380,873
Departmental and other.....	14,986	-	14,986
Intergovernmental - other.....	447,910	-	447,910
 Total.....	 <u>\$ 3,009,528</u>	 <u>\$ (220,533)</u>	 <u>\$ 2,788,995</u>

At June 30, 2020, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user charges.....	\$ 77,027	\$ -	\$ 77,027
Water user charges.....	1,239,067	-	1,239,067
Sewer liens - user charges.....	76,255	-	76,255
Sewer user charges.....	913,940	-	913,940
 Total.....	 <u>\$ 2,306,289</u>	 <u>\$ -</u>	 <u>\$ 2,306,289</u>

Unavailable Revenue

Property taxes and other receivables in Governmental Funds that are measurable but not available have been classified as deferred inflows of resources on June 30, 2020, as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,084,306	\$ -	\$ 1,084,306
Tax liens.....	706,319	-	706,319
Motor vehicle and other excise taxes.....	380,874	-	380,874
Departmental and other.....	10,636	4,350	14,986
 Total.....	 <u>\$ 2,182,135</u>	 <u>\$ 4,350</u>	 <u>\$ 2,186,485</u>

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Funds are transferred from one fund to support expenditures of other funds in accordance with the authority established for the individual fund. Transfers within fund types have been eliminated. Transfers between funds during the year ended June 30, 2020, have been reported as follows:

Transfers Out:	Transfers In:			
	Capital Projects	Public Cable Access	Total	
General fund.....	\$ 63,400	\$ -	\$ 63,400	(1)
Nonmajor governmental funds.....	-	296,983	296,983	(2)
Water Enterprise Fund.....	75,000	-	75,000	(3)
Sewer Enterprise Fund.....	345,524	-	345,524	(3)
Total.....	\$ 483,924	\$ 296,983	\$ 780,907	

- (1) Budgeted transfer to fund capital equipment acquisition.
- (2) Voted transfer to establish the Public Cable Access Enterprise Fund.
- (3) Voted reauthorization of unused enterprise fund capital projects to governmental activities capital projects.

Interfund receivables and payables between funds at June 30, 2020, are summarized as follows:

Receivable Fund	Payable Fund	Amount
General fund	Highway improvement fund.....	\$ 386,543
General fund	School federal grants fund.....	71,684
Total Governmental Activities.....		\$ 458,227

These amounts represent advances between funds to meet temporary cash flows needs.

NOTE 5 – CAPITAL ASSETS

Capital asset activity in the Governmental Funds for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 4,420,080	\$ -	\$ -	\$ 4,420,080
Construction in progress.....	-	160,052	-	160,052
Total capital assets not being depreciated....	<u>4,420,080</u>	<u>160,052</u>	<u>-</u>	<u>4,580,132</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	4,839,057	342,747	(17,060)	5,164,744
Buildings and improvements.....	77,805,468	-	-	77,805,468
Machinery and equipment.....	6,767,195	426,312	(465,052)	6,728,455
Infrastructure.....	12,464,887	1,181,519	-	13,646,406
Total capital assets being depreciated.....	<u>101,876,607</u>	<u>1,950,578</u>	<u>(482,112)</u>	<u>103,345,073</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,497,261)	(218,782)	17,060	(1,698,983)
Buildings and improvements.....	(27,760,937)	(1,867,075)	-	(29,628,012)
Machinery and equipment.....	(4,714,010)	(488,196)	465,052	(4,737,154)
Infrastructure.....	(2,448,994)	(318,012)	-	(2,767,006)
Total accumulated depreciation.....	<u>(36,421,202)</u>	<u>(2,892,065)</u>	<u>482,112</u>	<u>(38,831,155)</u>
Total capital assets being depreciated, net.....	<u>65,455,405</u>	<u>(941,487)</u>	<u>-</u>	<u>64,513,918</u>
Total governmental activities capital assets, net.....	<u>\$ 69,875,485</u>	<u>\$ (781,435)</u>	<u>\$ -</u>	<u>\$ 69,094,050</u>

Capital asset activity for the Business Type Activities for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 252,182	\$ -	\$ -	\$ 252,182
<u>Capital assets being depreciated:</u>				
Land improvements.....	6,000	-	-	6,000
Buildings and improvements.....	3,250,170	-	-	3,250,170
Machinery and equipment.....	2,021,526	-	-	2,021,526
Infrastructure.....	34,789,498	1,256,657	-	36,046,155
Total capital assets being depreciated.....	40,067,194	1,256,657	-	41,323,851
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(5,550)	(300)	-	(5,850)
Buildings and improvements.....	(2,309,079)	(20,098)	-	(2,329,177)
Machinery and equipment.....	(1,855,132)	(103,229)	-	(1,958,361)
Infrastructure.....	(15,410,972)	(739,159)	-	(16,150,131)
Total accumulated depreciation.....	(19,580,733)	(862,786)	-	(20,443,519)
Total capital assets being depreciated, net.....	20,486,461	393,871	-	20,880,332
Total business-type activities capital assets, net....	\$ 20,738,643	\$ 393,871	\$ -	\$ 21,132,514

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government.....	\$ 123,186
Public safety.....	449,341
Education.....	1,614,747
Public works.....	516,714
Culture and recreation.....	188,078
Total depreciation expense - governmental activities.....	\$ 2,892,066
Business-Type Activities:	
Water.....	\$ 289,158
Sewer.....	569,409
Public Cable Access.....	4,218
Total depreciation expense - business-type activities.....	\$ 862,785

NOTE 6 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue anticipation notes (RANS) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN), or grant anticipation notes (GAN).

Short term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds, respectively. Details related to the short-term debt activity for the fiscal year is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
Governmental Funds:							
BAN	Land Acquisition.....	2.54%	03/12/20	\$ 240,000	\$ -	\$ (240,000)	\$ -
BAN	Permitting Software.....	2.25%	03/12/20	50,000	-	(50,000)	-
BAN	Light Pole Replacement.....	2.25%	03/12/20	150,000	-	(150,000)	-
BAN	Snow Truck Removal.....	2.25%	03/12/20	78,000	-	(78,000)	-
BAN	Dump Truck.....	2.25%	03/12/20	63,300	-	(63,300)	-
BAN	Street Repairs (2).....	2.25%	03/12/20	199,500	-	(199,500)	-
BAN	Clarke School - Fire Alarm Upgrade....	2.25%	03/12/20	30,000	-	(30,000)	-
BAN	DPW Yard Building Repairs.....	2.25%	03/12/20	50,000	-	(50,000)	-
BAN	Library Elevator Sleeve.....	2.25%	03/12/20	80,000	-	(80,000)	-
BAN	Town Hall - Repairs to Windows.....	2.25%	03/12/20	33,500	-	(33,500)	-
BAN	Apron Repair.....	2.25%	03/12/20	22,770	-	(22,770)	-
BAN	Fire Station Study.....	2.25%	03/12/20	25,000	-	(25,000)	-
BAN	Breathing Apparatus.....	2.25%	03/12/20	6,100	-	(6,100)	-
BAN	Library Renovations.....	2.25%	03/12/20	55,000	-	(55,000)	-
BAN	Firearms Training Simulator.....	2.25%	03/12/20	29,690	-	(29,690)	-
BAN	Two Police Cruisers.....	2.25%	03/12/20	71,140	-	(71,140)	-
BAN	Phone System Upgrade.....	2.25%	03/12/20	25,000	-	(25,000)	-
BAN	High School Chromebooks.....	2.25%	03/12/20	35,000	-	(35,000)	-
BAN	Chromebooks.....	2.25%	03/12/20	35,000	-	(35,000)	-
BAN	iPads.....	2.25%	03/12/20	43,000	-	(43,000)	-
BAN	MacBook Airs.....	2.25%	03/12/20	85,000	-	(85,000)	-
BAN	Technology Infrastructure.....	2.25%	03/12/20	60,000	-	(60,000)	-
BAN	Elementary School HVAC Upgrades...	2.25%	03/12/20	150,000	-	(150,000)	-
BAN	General Obligation.....	1.29%	03/12/21	-	1,190,000	-	1,190,000
BAN	Hadley Elementary School Feasibility.	1.99%	03/12/20	-	375,000	(375,000)	-
Total Governmental Funds.....				\$ 1,617,000	\$ 1,565,000	\$ (1,992,000)	\$ 1,190,000
Sewer Enterprise Fund:							
BAN	Stacy Brook Sewer Rehabilitations	2.25%	03/12/20	\$ 2,216,000	\$ -	\$ (2,216,000)	\$ -

NOTE 7 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, the Town is authorized to incur indebtedness up to a limit of 5% of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, however, a Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit.”

Details related to the outstanding indebtedness at June 30, 2020 of the governmental activities and the debt service requirements are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
General Obligations:				
Municipal Purpose Bonds of 2010.....	9/15/2022	\$ 1,573,286	2.5% - 3%	\$ 345,000
Municipal Purpose Bonds of 2013.....	8/15/2032	2,966,000	2% - 2.5%	1,551,040
Municipal Purpose Bonds of 2014.....	1/15/2024	1,498,778	2% - 4%	580,000
Municipal Purpose Bonds of 2016.....	6/16/1931	2,649,400	2% - 4%	1,510,540
Municipal Purpose Bonds of 2018.....	1/15/2038	2,781,577	3% - 3.5%	2,324,633
General Obligation Refunding.....	4/15/2025	3,390,000	2% - 3%	1,345,000
Police Station.....	9/15/2028	3,350,000	2% - 4.25%	1,400,000
School Construction.....	11/1/2029	7,047,346	3% - 4.5%	3,523,677
General Obligation Refunding Series A.....	1/15/2035	6,950,000	2.5% - 4%	4,950,000
General Obligation Refunding Series B.....	5/15/2026	6,950,000	3% - 4.5%	4,115,000
Turf Field Project.....	1/15/2033	800,000	2.75%	686,667
Municipal Purpose Bonds of 2020.....	2/15/2049	3,053,000	3% - 5%	3,053,000
Total Bonds Payable.....				25,384,557
Add: Unamortized premium on bonds.....				747,005
Total Bonds Payable, net.....				\$ 26,131,562

Governmental activities debt service requirements for principal and interest for future years are as follows:

Year	Principal	Interest	Total
2021.....	\$ 2,680,026	\$ 811,305	\$ 3,491,331
2022.....	2,595,141	723,017	3,318,158
2023.....	2,595,141	631,441	3,226,582
2024.....	2,399,737	546,137	2,945,874
2025.....	2,020,988	468,254	2,489,242
2026 - 2030....	7,713,794	1,514,571	9,228,365
2031 - 2035....	4,792,129	501,442	5,293,571
2036 - 2040....	334,280	46,282	380,562
2041 - 2045....	146,289	20,592	166,881
2046 - 2049....	107,032	5,388	112,420
Total.....	\$ 25,384,557	\$ 5,268,429	\$ 30,652,986

Details related to the outstanding indebtedness at June 30, 2020 and the debt service requirements of the business-type activities are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
From direct borrowings and placements:				
MWCT Loan Pool 07-22 (Sewer).....	7/15/2028	\$ 342,310	2%	\$ 170,448
MWRA (Water).....	11/15/2028	4,949,987	0.00	2,479,996
Total from direct borrowings and placements.....				2,650,444
General Obligations:				
Municipal Purpose Bonds of 2013 (Sewer).....	1/15/2013	113,200	2% - 2.5%	33,960
Municipal Purpose Bonds of 2016 (Sewer).....	6/23/2031	969,430	2% - 4%	769,460
Municipal Purpose Bonds of 2018 (Sewer).....	1/15/2037	1,963,493	3%	1,753,700
Municipal Purpose Bonds of 2020 (Sewer).....	2/15/1949	2,177,000	2% - 5%	2,177,000
Total from general obligations.....				4,734,120
Add: Unamortized premium on bonds.....				216,405
Total Bonds Payable, net.....				\$ 7,600,969

Business-type activities debt service requirements for principal and interest for future years are as follows:

Year	General Obligations			Direct Borrowings and Placements			Total
	Principal	Interest	Sub-Total	Principal	Interest	Sub-Total	
2021.....	\$ 262,346	\$ 139,973	\$ 402,319	\$ 512,455	\$ 3,234	\$ 515,689	\$ 918,008
2022.....	262,228	132,021	394,249	412,812	2,882	415,694	809,943
2023.....	262,228	119,963	382,191	388,172	2,522	390,694	772,885
2024.....	252,628	108,018	360,646	388,539	2,155	390,694	751,340
2025.....	251,380	96,102	347,482	228,913	1,781	230,694	578,176
2026 - 2030....	1,243,040	356,936	1,599,976	719,553	3,224	722,777	2,322,753
2031 - 2035....	917,871	211,012	1,128,883	-	-	-	1,128,883
2036 - 2040....	645,720	106,006	751,726	-	-	-	751,726
2041 - 2045....	368,711	51,374	420,085	-	-	-	420,085
2046 - 2049....	267,968	14,078	282,046	-	-	-	282,046
Total.....	\$ 4,734,120	\$ 1,335,483	\$ 6,069,603	\$ 2,650,444	\$ 15,798	\$ 2,666,242	\$ 8,735,845

Bond Authorized and Unissued Debt

Authorized and unissued long-term debt, at June 30, 2020, is as follows:

<u>Purpose</u>	<u>Amount</u>
Rail Trail Acquisition, Engineering & Design.....	\$ 410,000
Annual Chapter 90 Street Repairs.....	210,000
High School Sprinkler System Upgrades.....	35,000
Police Station Roof Hatch.....	15,000
Senior Center HVAC Upgrades.....	20,000
Fire Self-Contained Breathing Apparatus.....	93,900
Landscape Architectural Design Services for Johnson Park.....	70,000
Design Services for Windsor Ave Playground.....	23,000
Design of Grounds Surrounding Fishermen's Beach.....	35,000
Town-wide Pedestrian / Traffic Safety Study.....	100,000
Access Resiliency / Accessibility Beach Improvements.....	98,600
Clarke School HVAC & Other Upgrades.....	515,000
High School HVAC Upgrades.....	25,000
Middle School Fire Alarm System Replacement.....	1,700,000
Windsor Ave Playground Upgrades.....	40,000
Middle & High School Energy Efficient Upgrades.....	31,150
Purchase of Leaf Vacuum.....	30,000
Fire Dept- Turnout Gear Washing Machine.....	35,000
Body Cameras.....	80,000
Replace Dump Trucks.....	240,000
Replace Sanding Trucks.....	70,000
Sea Wall / Storm Water System Repairs.....	210,000
Replace Backhoe Loader.....	150,000
2 New Police Cruisers.....	100,000
Sewer Rehab Work /Stacy's Brook.....	<u>2,540,000</u>
 Total.....	 <u>\$ 6,876,650</u>

Changes in Long-term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 24,647,422	\$ 3,053,000	\$ (2,315,865)	\$ -	\$ -	\$ 25,384,557	\$ 2,680,026
Add: Unamortized premium on bonds.....	602,503	-	-	191,850	(47,348)	747,005	79,844
Total bonds payable.....	25,249,925	3,053,000	(2,315,865)	191,850	(47,348)	26,131,562	2,759,870
Compensated absences.....	1,443,764	-	-	194,907	(144,376)	1,494,295	149,430
Workers' compensation.....	615,599	-	-	-	(615,599)	-	-
Net pension liability.....	40,943,769	-	-	1,797,049	(8,648,931)	34,091,887	-
Net other postemployment benefits liability..	100,972,238	-	-	32,903,434	(9,296,213)	124,579,459	-
Total governmental activity long-term liabilities.....	\$ 169,225,295	\$ 3,053,000	\$ (2,315,865)	\$ 35,087,240	\$ (18,752,467)	\$ 186,297,203	\$ 2,909,300
Business-Type Activities:							
Long-term bonds payable.....	\$ 2,743,622	\$ 2,177,000	\$ (186,502)	\$ -	\$ -	\$ 4,734,120	\$ 774,800
Direct borrowings.....	3,174,612	-	(524,168)	-	-	2,650,444	-
Unamortized premium on bonds.....	174,745	-	-	52,496	(10,836)	216,405	14,795
Total bonds payable.....	6,092,979	2,177,000	(710,670)	52,496	(10,836)	7,600,969	789,595
Compensated absences.....	9,663	-	-	-	(9,663)	-	-
Net pension liability.....	2,347,288	-	-	99,246	(528,996)	1,917,538	-
Net other postemployment benefits liability..	2,036,133	-	-	540,399	(64,353)	2,512,179	-
Total business-type activity long-term liabilities.....	\$ 10,486,063	\$ 2,177,000	\$ (710,670)	\$ 692,141	\$ (613,848)	\$ 12,030,686	\$ 789,595

The governmental activities long-term liabilities are generally liquidated by the general fund and the business-type activities long-term liabilities are generally liquidated by the applicable enterprise fund.

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town classifies fund balance according to the constraints imposed on the use of the resources.

There are two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, spendable fund balances are classified based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The Town's highest level of decision-making authority is the Town Meeting.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose. Management determines the need for an assignment of fund balance. The approval of the Town's highest level of decision-making authority is not required for the assignment.

- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose and the deficit fund balances for other funds that would otherwise be restricted, committed, or assigned. The general fund is the only fund that reports a positive unassigned fund balance amount.

The Town’s spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purpose exceed the amounts that are restricted, committed, or assigned to those purpose, it may be necessary to report a negative unassigned fund balance in that fund.

As of June 30, 2020, the governmental fund balances consisted of the following:

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 472,996	\$ 472,996
Restricted for:				
Capital projects.....	-	1,227,636	-	1,227,636
Town federal grants.....	-	-	6,781	6,781
School lunch.....	-	-	148,563	148,563
Gifts and Donations - Town.....	-	-	120,957	120,957
Gifts and Donations - School.....	-	-	22,395	22,395
School state grants.....	-	-	804,293	804,293
Other school grants.....	-	-	18,804	18,804
Town state grants.....	-	-	212,366	212,366
Revolving funds.....	-	-	360,007	360,007
Other special revenue.....	-	-	513,951	513,951
Library trust funds.....	-	-	42,074	42,074
Affordable housing trust.....	-	-	150,041	150,041
Other permanent funds.....	-	-	183,184	183,184
Cemetery perpetual care.....	-	-	210,502	210,502
Assigned to:				
Select Board.....	300	-	-	300
Town Administrator.....	20,000	-	-	20,000
Treasurer/Collector.....	580	-	-	580
Information technology.....	4,241	-	-	4,241
Human resources.....	1,750	-	-	1,750
Town clerk.....	1,500	-	-	1,500
Parking enforcement.....	206	-	-	206
Planning board.....	300	-	-	300
Health department.....	1,383	-	-	1,383
Facilities.....	94,944	-	-	94,944
DPW - General.....	27,517	-	-	27,517
Solid waste/recycling.....	72,648	-	-	72,648
Police.....	584	-	-	584
Fire department.....	64,708	-	-	64,708
Harbormaster.....	509	-	-	509
Veterans services.....	30,000	-	-	30,000
Library.....	6,124	-	-	6,124
Education.....	322,471	-	-	322,471
Injury on duty.....	29,309	-	-	29,309
Workers compensation.....	25,595	-	-	25,595
Unemployment compensation.....	30,000	-	-	30,000
Group health insurance.....	650	-	-	650
Recreation department.....	9,000	-	-	9,000
Unassigned.....	13,703,829	-	-	13,703,829
Total Fund Balances.....	\$ 14,448,148	\$ 1,227,636	\$ 3,266,914	\$ 18,942,698

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. At year end the balance of the General Stabilization Fund totaled \$6.75 million and the balance of the Capital Stabilization Fund totaled \$977,000. Both funds have been reported as unassigned fund balance within the General Fund.

NOTE 9 – PENSION PLAN

Plan Description

The Town is a member of the Swampscott Contributory Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2019. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$7,810,824 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$64,409,948, as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System. There were no changes in benefit terms that effected the measurement of the total pension liability at December 31, 2019.

At December 31, 2019, the System's membership consists of the following:

Active members.....	270
Inactive members.....	164
Retirees and beneficiaries currently receiving benefits.....	<u>230</u>
Total.....	<u><u>664</u></u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the System a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2019, was \$5,557,295, or 39.95% of covered payroll. This is an amount that is actuarially determined and, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town's proportionate share of the required contribution for the year ended December 31, 2019, was \$5,478,937, and equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at December 31, 2019, were as follows:

Total pension liability.....	\$	103,379,333
Total pension plan's fiduciary net position.....		<u>(66,854,914)</u>
Total net pension liability.....	\$	<u><u>36,524,419</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		64.67%

At June 30, 2020, the Town reported a liability of \$36 million, for its proportionate share of the net pension liability. The net pension liability was measured at December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension

plan relative to the projected contributions of all participating members. At December 31, 2019, the Town's proportion was 98.59% which is a decrease of 0.08% from its proportion measured at December 31, 2018.

Pension Expense

For the year ended June 30, 2020, the Town recognized pension expense of \$3,683,284. At June 30, 2020, the Town reported deferred outflows of resources related to pensions of \$904,030 and deferred inflows of resources related to pensions of \$4,575,693 as detailed below:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (2,167,328)	\$ (2,167,328)
Difference between projected and actual earnings, net.....	-	(2,365,954)	(2,365,954)
Changes in assumptions.....	904,030	-	904,030
Changes in proportion and proportionate share of contributions...	-	(42,411)	(42,411)
Total deferred outflows/(inflows) of resources.....	\$ <u>904,030</u>	\$ <u>(4,575,693)</u>	\$ <u>(3,671,663)</u>

The deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2021.....	\$ (1,269,863)
2022.....	(1,451,142)
2023.....	189,010
2024.....	<u>(1,139,668)</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>(3,671,663)</u>

Changes of Assumptions

The most recent actuarial valuation as of January 1, 2019, included several changes of assumptions from the prior actuarial valuation. These changes include a decrease in the assumed discount rate from 7.50% down to 7.375%, changes in the applied mortality tables, changes to COLA assumptions, demographic changes such as percentage of members assumed to be married.

Changes in Plan Provisions

None.

Actuarial Assumptions

The total pension liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement that was rolled-forward to December 31, 2019, for the Town's measurement date:

Valuation date.....	1/1/2019
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Increasing amortization at 2.9%
Remaining amortization period.....	11 years as of July 1, 2020
Asset valuation method.....	Fair value of assets as reported in the System's Annual Statement less recognized return in each of the last five years. Unrecognized return is equal to the difference between the actual market value return and the expected market value and the expected market value return and is recognized over a five year period, further adjusted, if necessary to be within 10% of market value.
Investment rate of return.....	7.375%
Discount rate.....	7.375%
Inflation rate.....	3.75%
Projected salary increases.....	3.75% per year plus step increase during the first several years based on years of service ranging from 1.25% to 4.25% for five years for Group 1 employees; 4.25% to 9.25% for Police employees or four years; and 3.25% to 5.25% for Fire employees three years.
Cost of living adjustments.....	3% of the first \$13,000
Mortality rates - Pre-Retirement.....	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2018.
Mortality rates - Healthy Retiree.....	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2018.
Mortality rates - Disabled Retiree.....	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2018.

Investment Policy

The System's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2019, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	33.00%	6.15%
International developed markets equity..	10.00%	6.78%
International emerging markets equity...	6.00%	8.65%
Core fixed income.....	11.00%	1.11%
High-yield fixed income.....	11.00%	3.51%
Commodities.....	2.00%	4.13%
Private equity.....	5.50%	9.99%
Real estate.....	15.00%	4.33%
Hedge fund, GTAA, risk parity.....	6.50%	3.19%
Total.....	100.00%	

Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 22.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.375%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease 6.375%	Current Discount 7.375%	1% Increase 8.375%
	<u> </u>	<u> </u>	<u> </u>
The Town's proportionate share of the net pension liability.....	\$ 46,771,338	\$ 36,009,425	\$ 26,878,687
SCRS total net pension liability.....	\$ <u>47,440,245</u>	\$ <u>36,524,419</u>	\$ <u>27,263,097</u>

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Town of Swampscott administers a single-employer defined benefit healthcare plan (“the Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town’s participation in the Group Insurance Commission of the Commonwealth of Massachusetts (GIC), which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. The Plan does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members and the Town are established and may be amended by the Town. The required contribution is based on a pay-as-you-go financing requirement. The Town contributes 50% - 72% of the health plan premiums (including Medicare Part B). Actual Town contributions vary depending on insurance product chosen by the participant. Plan members receiving benefits contribute the remaining balance of the health plan premiums not paid for by the Town. For 2020, the Town’s age-adjusted contribution to the plan totaled \$3 million. For the year ended June 30, 2020, the Town’s average contribution rate was 9.19% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish the Other Postemployment Benefits Trust Fund which allows the Town to set aside amounts to begin pre-funding its OPEB liabilities. During fiscal year 2020, the Town pre-funded future OPEB liabilities in the amount of \$100,000 by contributing funds to the Other Postemployment Benefits Trust Fund in excess of the pay-as-you-go required contribution. The balance of the Fund at year end is \$2.4 million, which is reported within the Fiduciary Fund financial statements.

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in

accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Measurement Date

The net OPEB liability for the Town was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018. The following disclosures for the Town as a whole as of June 30, 2020.

Plan Membership

The following table represents the Plan's membership at July 1, 2018:

Active members.....	507
Inactive members entitled to but not currently receiving benefits...	10
Retired, disabled, survivors and beneficiaries receiving benefits....	<u>347</u>
Total.....	<u><u>864</u></u>

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2020:

Total OPEB liability.....	\$ 129,487,834
Less: OPEB plan's fiduciary net position.....	<u>(2,396,196)</u>
Net OPEB liability.....	<u><u>\$ 127,091,638</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	1.85%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2020. The specific methods and assumptions are listed on the following page.

Valuation date.....	7/1/18
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Fair value of the assets as of the measurement date.
Investment rate of return.....	2.36%, net of plan investment expense, including inflation.
Discount rate.....	2.36%
Inflation rate.....	Not specifically assumed.
Projected salary increases.....	3.75% for existing members. 3% for new entrants.
Healthcare cost trend rates:	
Commercial Managed Care Plan.....	7.5% decreasing to an ultimate level of 5% in 2025.
Commercial Indemnity Plan.....	8.5% decreasing to an ultimate level of 5% in 2045.
Medicare Managed Care Plan.....	6.5% decreasing to an ultimate level of 5% in 2023.
Medicare Indemnity Plan.....	7.5% decreasing to an ultimate level of 5% in 2037.
Mortality rates.....	Actives: RP-2014 Mortality Tables adjusted to 2006, sex distinct, for Employees projected using generational mortality and scale MP-2019.
	Retirees: RP-2014 Mortality Tables adjusted to 2006, sex distinct, for Health Annuitants projected using generational mortality and scale MP-2019.
	Disabled: RP-2014 Mortality Tables adjusted to 2006, sex distinct, for Health Annuitants projected using generational mortality and scale MP-2019. Set forward 2 years.

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 4.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Policy

The Town’s policy in regard to the allocation of invested assets is established and may be amended by the Select Board by a majority vote of its members. The OPEB plan’s assets are managed on a total return basis with a

long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the Town’s investment policy.

The long-term expected rate of return on OPEB plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan’s expected future real rate of return is added to the expected inflation to produce the long-term expected nominal rate of return. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities.....	37.00%	4.10%
International equities - emerging markets..	2.00%	6.54%
International equities - developed markets.	5.00%	4.39%
International fixed income.....	4.00%	-0.20%
Domestic fixed income.....	37.00%	0.88%
Alternatives.....	9.00%	3.32%
Real estate.....	5.00%	3.41%
Cash.....	1.00%	-0.10%
Total.....	<u>100.00%</u>	

Discount Rate

The Town’s net other postemployment benefits liability was determined based on the Standard & Poor’s Municipal Bond 20-year High Grade Rate Index as of June 30, 2020, which is 2.36%. Due to the low value of the OPEB trust compared to the Town’s liability, the Plan fiduciary net position is not projected to satisfy future benefit payments and, accordingly, the Municipal Bond Rate was applied rather than the projected investment return.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan	Net OPEB Liability (a) - (b)
		Fiduciary Net Position (b)	
Balances at June 30, 2019.....	\$ 105,195,386	\$ 2,187,015	\$ 103,008,371
Changes for the year:			
Service cost.....	3,543,806	-	3,543,806
Interest.....	3,959,145	-	3,959,145
Changes in assumptions.....	19,680,062	-	19,680,062
Benefit payments.....	(2,890,565)	(2,890,565)	-
Contributions - employer.....	-	2,990,565	(2,990,565)
Net investment income.....	-	109,181	(109,181)
Net change.....	<u>24,292,448</u>	<u>209,181</u>	<u>24,083,267</u>
Balances at June 30, 2020.....	<u>\$ 129,487,834</u>	<u>\$ 2,396,196</u>	<u>\$ 127,091,638</u>

Sensitivity of the Net Other Postemployment Liability to Changes in the Discount Rate

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 2.36%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (1.36%) or 1-percentage-point higher (3.36%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
Net OPEB liability.....	<u>\$ 152,245,033</u>	<u>\$ 127,091,638</u>	<u>\$ 104,476,823</u>

Sensitivity of the Net Other Postemployment Liability to Changes in the Healthcare Trend

The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rates that range from 6.5% to 8.5% depending on the underlying health insurance vehicle as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower (5.5% to 7.5%) or 1-percentage-point higher (7.5% to 9.5%). Trend rates for all health insurance vehicles within the Plan decrease to 5% by 2045. Please refer to the section of this footnote entitled *Significant Actuarial Assumptions and Methods* for further detail.

	1% Decrease	Current Trend	1% Increase
	Net OPEB liability.....	<u>\$ 103,040,070</u>	<u>\$ 127,091,638</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized OPEB expense of \$7,747,927. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (13,520,652)	\$ (13,520,652)
Difference between projected and actual earnings, net.....	-	(52,789)	(52,789)
Changes in assumptions.....	18,964,458	-	18,964,458
Total deferred outflows/(inflows) of resources.....	\$ 18,964,458	\$ (13,573,441)	\$ 5,391,017

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2021.....	\$ 325,994
2022.....	320,522
2023.....	1,766,390
2024.....	2,978,111
Total deferred outflows/(inflows) of resources.....	\$ 5,391,017

Changes in Assumptions

The discount rate was lowered from 3.69% to 2.36%. Effects of the Cadillac Tax provision of the Patient Protection and Affordable Care Act has been eliminated. Mortality improvement scale has been changed from MP-2016 to MP-2019.

Changes in Plan Provisions

None.

NOTE 11 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

GAAP requires that all Pension and Other Employee Benefit Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided on the following pages are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Employee Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2019)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 370,890	\$ 46,168	\$ 417,058
Investments:			
Investments in Pension Reserve Investment Trust.....	49,407,810	-	49,407,810
U.S. treasuries.....	-	195,825	195,825
Government sponsored enterprises.....	-	161,901	161,901
Corporate bonds.....	-	271,027	271,027
Equity securities.....	-	792,639	792,639
Domestic equity mutual funds.....	-	387,954	387,954
Fixed income mutual funds.....	-	239,180	239,180
Collective Investment Trust.....	10,983,147	-	10,983,147
Real Estate.....	6,160,559	-	6,160,559
International equity mutual funds.....	-	301,502	301,502
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	1,430	-	1,430
Interest and dividends.....	603	-	603
TOTAL ASSETS.....	66,924,439	2,396,196	69,320,635
LIABILITIES			
Warrants payable.....	69,525	-	69,525
NET POSITION			
Restricted for pensions.....	66,854,914	-	66,854,914
Restricted for other postemployment benefits.....	-	2,396,196	2,396,196
TOTAL NET POSITION.....	\$ 66,854,914	\$ 2,396,196	\$ 69,251,110

	Pension Trust Fund (as of December 31, 2019)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 5,557,295	\$ 100,000	\$ 5,657,295
Employer contributions for other postemployment benefit payments.....	-	2,890,565	2,890,565
Member contributions.....	1,303,581	-	1,303,581
Transfers from other systems.....	295,520	-	295,520
3(8)c contributions from other systems.....	175,424	-	175,424
State COLA reimbursements.....	59,437	-	59,437
Total contributions.....	7,391,257	2,990,565	10,381,822
Net investment income:			
Investment income.....	10,385,988	118,781	10,504,769
Less: investment expense.....	(310,165)	-	(310,165)
Net investment income (loss).....	10,075,823	118,781	10,194,604
TOTAL ADDITIONS.....	17,467,080	3,109,346	20,576,426
DEDUCTIONS:			
Administration.....	260,561	9,600	270,161
Transfers to other systems.....	129,707	-	129,707
3(8)c transfer to other systems.....	382,340	-	382,340
Retirement benefits and refunds.....	6,221,354	-	6,221,354
Other postemployment benefit payments.....	-	2,890,565	2,890,565
TOTAL DEDUCTIONS.....	6,993,962	2,900,165	9,894,127
NET INCREASE (DECREASE) IN NET POSITION.....	10,473,118	209,181	10,682,299
NET POSITION AT BEGINNING OF YEAR.....	56,381,796	2,187,015	58,568,811
NET POSITION AT END OF YEAR.....	\$ 66,854,914	\$ 2,396,196	\$ 69,251,110

NOTE 12 – COMMITMENTS

The Town is party to an inter-municipal contract for sewage treatment and disposal services. The annual cost associated with this agreement is approximately \$850,000.

The Town has entered into a contract for residential solid waste and recycling services. The annual cost associated with this contract is \$1,250,000. The contract expires on June 30, 2021.

The general fund has various pending transactions for goods and services related to articles and encumbrances totaling \$744,319. This amount has been reported an assigned fund balance in the general fund.

NOTE 13 – CONTINGENCIES

The Town participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2020.

NOTE 14 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The Town provides health insurance and workers' compensation benefits under a premium based insurance plan.

NOTE 15 – COVID-19

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. The Governor also issued orders allowing governments to operate and carry out essential functions safely. These included modifying the state's Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The Town is considered an essential business and although it was closed to the public for a period of time, departments remained operational and most employees continued to perform their daily duties.

A number of businesses have been forced to stop or significantly reduce operations decreasing, the Town's portion of certain revenue. The Town has also incurred unanticipated costs specifically related to the pandemic. On March 27, 2020 the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. In addition to funding from the CARES Act, there are several other federal and state grants available. The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 27, 2021, which is the date the financial statements were available to be issued.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2020, the following GASB pronouncements were implemented:

- GASB issued Statement #95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement postponed the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to be effective for periods beginning after June 15, 2018 or later.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2021.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2022.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2021.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #92, *Omnibus 2020*, which is required to be implemented in 2022.
- The GASB issued Statement #93, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, in which certain paragraphs are required to be implemented in 2021 and 2022.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

General Fund

The General Fund is used to account for all transactions encompassing the approved current operating budget, the related revenues, expenditures, assets, liabilities and fund balances which are not accounted for in other funds. The budget of the Town is recorded in detail in the general fund by line item within department and, as a result, most of the current operations of the Town are recorded here.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 48,808,505	\$ 48,808,505	\$ 48,046,551	\$ -	\$ (761,954)
Tax liens.....	-	-	209,585	-	209,585
Motor vehicle and other excise taxes.....	2,504,590	2,504,590	2,372,736	-	(131,854)
Hotel/motel tax.....	-	-	17,067	-	17,067
Meals tax.....	275,000	275,000	252,941	-	(22,059)
Penalties and interest on taxes.....	190,300	190,300	197,319	-	7,019
Licenses and permits.....	520,000	520,000	702,368	-	182,368
Fines and forfeitures.....	85,850	85,850	81,195	-	(4,655)
Intergovernmental - state aid.....	5,886,285	5,886,285	5,995,364	-	109,079
Intergovernmental.....	-	-	298,605	-	298,605
Departmental and other.....	1,850,069	1,850,069	2,836,551	-	986,482
Investment income.....	200,000	200,000	168,414	-	(31,586)
TOTAL REVENUES.....	60,320,599	60,320,599	61,178,696	-	858,097
EXPENDITURES:					
LEGISLATIVE/TOWN MEETING:					
Town Moderator:					
Expenses.....	200	200	-	-	200
Finance Department:					
Personal Services.....	2,500	2,500	1,510	-	990
Expenses.....	500	500	210	-	290
	<u>3,000</u>	<u>3,000</u>	<u>1,720</u>	<u>-</u>	<u>1,280</u>
Reserve Fund:					
Expenses.....	216,750	216,750	-	-	216,750
TOTAL LEGISLATIVE/TOWN MEETING.....	219,950	219,950	1,720	-	218,230
ADMINISTRATION & FINANCE:					
Select Board:					
Expenses.....	23,607	23,607	13,236	300	10,071
Town Administrator:					
Personal Services.....	236,469	236,469	222,607	-	13,862
Expenses.....	42,623	42,624	17,230	20,000	5,394
	<u>279,092</u>	<u>279,093</u>	<u>239,837</u>	<u>20,000</u>	<u>19,256</u>
Town Accountant:					
Personal Services.....	161,206	76,206	71,986	-	4,220
Expenses.....	111,024	161,024	138,741	-	22,283
	<u>272,230</u>	<u>237,230</u>	<u>210,727</u>	<u>-</u>	<u>26,503</u>
Board of Assessors:					
Personal Services.....	150,359	60,359	55,645	-	4,714
Expenses.....	51,444	59,435	57,914	-	1,521
	<u>201,803</u>	<u>119,794</u>	<u>113,559</u>	<u>-</u>	<u>6,235</u>
Treasurer/Collector:					
Personal Services.....	281,016	281,016	277,174	-	3,842
Expenses.....	117,169	130,169	118,117	580	11,472
	<u>398,185</u>	<u>411,185</u>	<u>395,291</u>	<u>580</u>	<u>15,314</u>
Legal and Insurance:					
Expenses.....	639,098	674,097	654,642	-	19,455
Information Technology:					
Expenses.....	558,080	558,080	519,404	4,241	34,435

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Human Resources:					
Personal Services.....	417,600	417,600	370,344	-	47,256
Expenses.....	37,850	40,450	34,084	1,750	4,616
	<u>455,450</u>	<u>458,050</u>	<u>404,428</u>	<u>1,750</u>	<u>51,872</u>
Town Clerk:					
Personal Services.....	178,737	178,736	162,279	-	16,457
Expenses.....	42,243	42,243	35,629	1,500	5,114
	<u>220,980</u>	<u>220,979</u>	<u>197,908</u>	<u>1,500</u>	<u>21,571</u>
Parking Enforcement:					
Expenses.....	3,000	3,000	2,138	206	656
TOTAL ADMINISTRATION & FINANCE.....	<u>3,051,525</u>	<u>2,985,115</u>	<u>2,751,170</u>	<u>28,577</u>	<u>205,368</u>
COMMUNITY DEVELOPMENT:					
Conservation Commission:					
Expenses.....	1,650	1,650	1,235	-	415
Planning Board:					
Personal Services.....	211,799	230,299	226,901	-	3,398
Expenses.....	11,424	11,423	1,412	300	9,711
	<u>223,223</u>	<u>241,722</u>	<u>228,313</u>	<u>300</u>	<u>13,109</u>
Board of Appeals:					
Expenses.....	7,546	12,046	11,878	-	168
Building Department:					
Personal Services.....	214,514	214,514	199,467	-	15,047
Expenses.....	19,350	19,350	7,672	-	11,678
	<u>233,864</u>	<u>233,864</u>	<u>207,139</u>	<u>-</u>	<u>26,725</u>
Health Department:					
Personal Services.....	113,193	143,193	138,338	-	4,855
Expenses.....	20,218	20,219	12,230	1,383	6,606
	<u>133,411</u>	<u>163,412</u>	<u>150,568</u>	<u>1,383</u>	<u>11,461</u>
Recreation Department:					
Personal Services.....	27,250	28,950	28,870	-	80
Expenses.....	35,550	36,301	27,010	9,000	291
	<u>62,800</u>	<u>65,251</u>	<u>55,880</u>	<u>9,000</u>	<u>371</u>
Historical Commission:					
Expenses.....	4,306	5,194	5,194	-	-
TOTAL COMMUNITY DEVELOPMENT.....	<u>666,800</u>	<u>723,139</u>	<u>660,207</u>	<u>10,683</u>	<u>52,249</u>
PUBLIC SERVICES:					
Facilities:					
Personal Services.....	50,000	50,000	21,262	-	28,738
Expenses.....	588,035	588,035	447,307	94,944	45,784
	<u>638,035</u>	<u>638,035</u>	<u>468,569</u>	<u>94,944</u>	<u>74,522</u>
Cemetery:					
Personal Services.....	167,913	170,113	170,102	-	11
Expenses.....	26,653	26,653	22,035	-	4,618
	<u>194,566</u>	<u>196,766</u>	<u>192,137</u>	<u>-</u>	<u>4,629</u>
DPW - General:					
Personal Services.....	475,015	475,015	446,573	-	28,442
Expenses.....	620,908	620,909	571,634	27,517	21,758
Snow and ice removal.....	324,017	324,017	158,156	-	165,861
	<u>1,419,940</u>	<u>1,419,941</u>	<u>1,176,363</u>	<u>27,517</u>	<u>216,061</u>

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Solid Waste/Recycling:					
Expenses.....	1,257,550	1,557,550	1,463,324	72,648	21,578
TOTAL PUBLIC WORKS.....	3,510,091	3,812,292	3,300,393	195,109	316,790
PUBLIC SAFETY:					
Police:					
Personal Services.....	3,837,561	3,687,562	3,673,277	-	14,285
Expenses.....	191,401	191,403	180,035	584	10,784
	<u>4,028,962</u>	<u>3,878,965</u>	<u>3,853,312</u>	<u>584</u>	<u>25,069</u>
Constables:					
Personal Services.....	100	100	-	-	100
Fire Department:					
Personal Services.....	3,361,496	3,376,997	3,372,661	-	4,336
Expenses.....	265,428	266,428	195,344	64,708	6,376
	<u>3,626,924</u>	<u>3,643,425</u>	<u>3,568,005</u>	<u>64,708</u>	<u>10,712</u>
Harbormaster:					
Personal Services.....	20,500	20,500	20,391	-	109
Expenses.....	8,465	8,465	5,864	509	2,092
	<u>28,965</u>	<u>28,965</u>	<u>26,255</u>	<u>509</u>	<u>2,201</u>
Emergency Management:					
Personal Services.....	5,000	5,000	1,008	-	3,992
Expenses.....	7,278	7,278	5,556	-	1,722
	<u>12,278</u>	<u>12,278</u>	<u>6,564</u>	<u>-</u>	<u>5,714</u>
TOTAL PUBLIC SAFETY.....	7,697,229	7,563,733	7,454,136	65,801	43,796
HUMAN SERVICES:					
Senior Center:					
Personal Services.....	113,865	116,866	111,344	-	5,522
Expenses.....	26,489	26,489	13,910	-	12,579
	<u>140,354</u>	<u>143,355</u>	<u>125,254</u>	<u>-</u>	<u>18,101</u>
Veterans Services					
Expenses.....	70,700	78,700	46,534	30,000	2,166
Library:					
Personal Services.....	564,033	564,032	526,054	-	37,978
Expenses.....	75,212	75,212	67,929	1,342	5,941
Other Expenses.....	121,625	121,625	106,927	4,782	9,916
	<u>760,870</u>	<u>760,869</u>	<u>700,910</u>	<u>6,124</u>	<u>53,835</u>
TOTAL HUMAN SERVICES.....	971,924	982,924	872,698	36,124	74,102
SWAMPSCOTT PUBLIC SCHOOLS:					
Education.....	29,859,948	30,059,948	29,735,573	322,471	1,904
Regional Vocational School District.....	504,206	504,206	500,255	-	3,951
TOTAL SWAMPSCOTT PUBLIC SCHOOLS.....	30,364,154	30,564,154	30,235,828	322,471	5,855
EMPLOYEE BENEFITS:					
Injury on Duty:					
Expenses.....	127,947	148,947	119,638	29,309	-
Worker's Compensation:					
Expenses.....	250,000	309,189	283,594	25,595	-
Contributory Retirement Contribution:					
Expenses.....	5,186,068	5,187,179	5,187,179	-	-

(Continued)

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Unemployment Compensation:					
Expenses.....	22,857	51,972	21,129	30,000	843
Group Health Insurance:					
Expenses.....	5,954,573	5,674,523	5,633,420	650	40,453
Non-Contributory Pensions:					
Expenses.....	36,600	36,600	27,398	-	9,202
Payroll Taxes					
Expenses.....	513,240	513,240	486,829	-	26,411
TOTAL EMPLOYEE BENEFITS.....	12,091,285	11,921,650	11,759,187	85,554	76,909
State and County Charges.....	981,390	981,390	1,106,875	-	(125,485)
Debt service:					
Principal.....	2,599,490	2,599,490	2,280,865	-	318,625
Interest.....	766,020	766,020	772,804	-	(6,784)
Total debt service.....	3,365,510	3,365,510	3,053,669	-	311,841
TOTAL EXPENDITURES.....	62,919,858	63,119,857	61,195,883	744,319	1,179,655
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,599,259)	(2,799,258)	(17,187)	(744,319)	2,037,752
OTHER FINANCING SOURCES (USES):					
Use of prior year fund balance to fund carryovers.....	603,870	603,870	-	-	(603,870)
Free cash voted to reduce tax rate for fiscal year 2020.....	1,000,000	1,000,000	-	-	(1,000,000)
Use of free cash.....	763,400	963,400	-	-	(963,400)
Transfers in.....	895,389	895,388	895,388	-	-
Transfers out.....	(663,400)	(663,400)	(663,400)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	2,599,259	2,799,258	231,988	-	(2,567,270)
NET CHANGE IN FUND BALANCE.....	-	-	214,801	(744,319)	(529,518)
BUDGETARY FUND BALANCE, Beginning of year.....	6,900,336	6,900,336	6,900,336	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 6,900,336	\$ 6,900,336	\$ 7,115,137	\$ (744,319)	\$ (529,518)

See notes to required supplementary information.

(Concluded)

Pension Plan Schedules – Retirement System

The Pension Plan's Schedule of Changes in the Net Pension Liability presents multi-year trend information on the net pension liability and related ratios.

The Pension Plan's Schedule of Contributions presents multi-year trend information on the required and actual contributions to the pension plan and related ratios.

The Pension Plan's Schedule of Investment Return presents multi-year trend information on the money-weighted investment return on retirement assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Total pension liability:						
Service cost.....	\$ 1,486,863	\$ 1,630,367	\$ 1,691,507	\$ 1,856,557	\$ 1,926,178	\$ 2,012,380
Interest.....	6,409,281	6,641,295	7,351,628	7,157,708	7,378,310	7,313,585
Changes in benefit terms.....	-	1,961,264	-	(4,820,732)	(2,572,588)	-
Differences between expected and actual experience.....	-	3,786,705	-	4,662,494	69,731	-
Changes in assumptions.....	-	-	-	-	-	-
Benefit payments.....	(5,235,027)	(5,043,935)	(5,359,288)	(5,975,542)	(5,993,059)	(6,203,020)
Net change in total pension liability.....	2,661,117	8,975,696	3,683,847	2,880,485	808,572	3,122,945
Total pension liability - beginning.....	81,246,670	83,907,787	92,883,483	96,567,330	99,447,815	100,256,387
Total pension liability - ending (a).....	<u>\$ 83,907,787</u>	<u>\$ 92,883,483</u>	<u>\$ 96,567,330</u>	<u>\$ 99,447,815</u>	<u>\$ 100,256,387</u>	<u>\$ 103,379,332</u>
Plan fiduciary net position:						
Employer contributions.....	\$ 4,543,164	\$ 4,711,121	\$ 5,012,346	\$ 5,393,055	\$ 5,395,166	\$ 5,557,295
Member contributions.....	1,461,902	1,192,683	1,245,816	1,271,321	1,262,305	1,303,581
Net investment income (loss).....	3,565,866	409,071	2,573,669	8,849,707	(2,392,208)	10,075,823
Administrative expenses.....	(178,827)	(141,568)	(160,268)	(185,729)	(149,172)	(260,561)
Retirement benefits and refunds.....	(5,235,027)	(5,043,935)	(5,359,288)	(5,975,542)	(5,993,059)	(6,203,020)
Net increase (decrease) in fiduciary net position.....	4,157,078	1,127,372	3,312,275	9,352,812	(1,876,968)	10,473,118
Fiduciary net position - beginning of year.....	40,309,227	44,466,305	45,593,677	48,905,952	58,258,764	56,381,796
Fiduciary net position - end of year (b).....	<u>\$ 44,466,305</u>	<u>\$ 45,593,677</u>	<u>\$ 48,905,952</u>	<u>\$ 58,258,764</u>	<u>\$ 56,381,796</u>	<u>\$ 66,854,914</u>
Net pension liability - ending (a)-(b).....	<u>\$ 39,441,482</u>	<u>\$ 47,289,806</u>	<u>\$ 47,661,378</u>	<u>\$ 41,189,051</u>	<u>\$ 43,874,591</u>	<u>\$ 36,524,418</u>
Plan fiduciary net position as a percentage of the total pension liability.....	52.99%	49.09%	50.64%	58.58%	56.24%	64.67%
Covered payroll.....	\$ 11,965,292	\$ 12,837,003	\$ 13,378,626	\$ 13,698,307	\$ 13,368,456	\$ 13,910,052
Net pension liability as a percentage of covered payroll.....	329.63%	368.39%	356.25%	300.69%	328.19%	262.58%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF CONTRIBUTIONS
SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2019.....	\$ 5,557,295	\$ 5,557,295	\$ -	\$ 13,910,052	39.95%
December 31, 2018.....	5,395,166	5,395,166	-	13,368,456	40.36%
December 31, 2017.....	5,393,055	5,393,055	-	13,698,307	39.37%
December 31, 2016.....	5,012,346	5,012,346	-	13,378,626	37.47%
December 31, 2015.....	4,711,121	4,711,121	-	12,837,003	36.70%
December 31, 2014.....	4,543,164	4,543,164	-	11,965,292	37.97%
December 31, 2013.....	4,381,537	4,381,537	-	11,089,580	39.51%
December 31, 2012.....	3,955,463	3,955,463	-	11,089,850	35.67%
December 31, 2011.....	3,739,031	3,739,031	-	10,858,678	34.43%
December 31, 2010.....	3,508,981	3,508,981	-	10,654,187	32.94%

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2019.....	22.60%
December 31, 2018.....	-4.09%
December 31, 2017.....	17.11%
December 31, 2016.....	4.07%
December 31, 2015.....	0.40%
December 31, 2014.....	8.75%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Pension Plan Schedules – Town

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2019.....	98.59%	\$ 36,009,425	\$ 13,713,920	262.58%	64.67%
December 31, 2018.....	98.67%	43,291,057	13,190,656	328.19%	56.24%
December 31, 2017.....	98.72%	40,661,831	13,522,969	300.69%	58.58%
December 31, 2016.....	98.76%	47,072,369	13,210,906	356.31%	50.64%
December 31, 2015.....	98.87%	46,757,108	12,677,254	368.83%	49.09%
December 31, 2014.....	99.05%	39,066,787	11,861,620	329.35%	52.99%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
SWAMPSCOTT CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2020.....	\$ 5,478,937	\$ 5,478,937	\$ -	13,988,198	39.17%
June 30, 2019.....	5,323,410	5,323,410	-	13,454,469	39.57%
June 30, 2018.....	5,324,024	5,324,024	-	13,793,428	38.60%
June 30, 2017.....	4,947,940	4,947,940	-	13,475,124	36.72%
June 30, 2016.....	4,655,413	4,655,413	-	12,930,799	36.00%
June 30, 2015.....	4,496,769	4,496,769	-	12,098,852	37.17%
June 30, 2014.....	4,335,836	4,335,836	-	11,410,234	38.00%
June 30, 2013.....	3,995,894	3,995,894	-	11,308,234	35.34%
June 30, 2012.....	3,779,980	3,779,980	-	10,962,232	34.48%
June 30, 2011.....	3,548,971	3,548,971	-	11,058,750	32.09%
June 30, 2010.....	3,403,534	3,403,534	-	10,854,750	31.36%

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2020.....	\$ 64,409,948	\$ 7,810,824	53.95%
2019.....	62,552,692	6,335,770	54.84%
2018.....	61,513,121	6,420,304	54.25%
2017.....	60,255,663	6,146,873	52.73%
2016.....	51,372,339	4,166,754	55.38%
2015.....	42,970,408	2,985,360	61.64%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

**SCHEDULE OF CHANGES IN THE
TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service Cost.....	\$ 3,727,000	\$ 3,866,728	\$ 3,514,357	\$ 3,543,806
Interest.....	4,148,894	4,333,726	4,111,253	3,959,145
Changes of benefit terms.....	-	-	-	-
Differences between expected and actual experience....	-	(21,016,447)	(6,003,574)	-
Changes of assumptions.....	-	2,638,213	3,401,988	19,680,062
Benefit payments.....	<u>(2,954,000)</u>	<u>(2,922,822)</u>	<u>(3,054,930)</u>	<u>(2,890,565)</u>
Net change in total OPEB liability.....	4,921,894	(13,100,602)	1,969,094	24,292,448
Total OPEB liability - beginning.....	<u>111,405,000</u>	<u>116,326,894</u>	<u>103,226,292</u>	<u>105,195,386</u>
Total OPEB liability - ending (a).....	<u>\$ 116,326,894</u>	<u>\$ 103,226,292</u>	<u>\$ 105,195,386</u>	<u>\$ 129,487,834</u>
Plan fiduciary net position				
Employer contributions.....	\$ 1,517,772	\$ 250,000	\$ 250,000	\$ 100,000
Employer contributions for OPEB payments.....	2,954,084	2,922,822	3,054,930	2,890,565
Net investment income.....	-	16,819	171,424	118,781
Benefit payments.....	(2,954,084)	(2,922,822)	(3,054,930)	(2,890,565)
Administrative expense.....	<u>-</u>	<u>(9,400)</u>	<u>(9,600)</u>	<u>(9,600)</u>
Net change in plan fiduciary net position.....	1,517,772	257,419	411,824	209,181
Plan fiduciary net position - beginning of year.....	<u>-</u>	<u>1,517,772</u>	<u>1,775,191</u>	<u>2,187,015</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 1,517,772</u>	<u>\$ 1,775,191</u>	<u>\$ 2,187,015</u>	<u>\$ 2,396,196</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 114,809,122</u>	<u>\$ 101,451,101</u>	<u>\$ 103,008,371</u>	<u>\$ 127,091,638</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.30%	1.72%	2.08%	1.85%
Covered-employee payroll.....	\$ 30,154,535	\$ 30,927,728	\$ 31,720,747	\$ 32,534,099
Net OPEB liability as a percentage of covered-employee payroll.....	380.74%	328.03%	324.74%	390.64%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE TOWN'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Statutorily determined contribution</u>	<u>Contributions in relation to the Statutorily determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2020.....	\$ 2,890,565	\$ 2,990,565	\$ (100,000)	\$ 32,534,099	9.19%
June 30, 2019.....	3,054,930	3,304,930	(250,000)	31,720,747	10.42%
June 30, 2018.....	2,922,822	3,172,822	(250,000)	30,927,728	10.26%
June 30, 2017.....	2,954,084	4,471,856	(1,517,772)	30,154,535	14.83%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2020.....	4.84%
June 30, 2019.....	9.01%
June 30, 2018.....	1.51%
June 30, 2017.....	0.00%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by Town Meeting. The Select Board presents an annual budget to the Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote. Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority Town Meeting approval via a supplemental appropriation.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year’s original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Town Meeting. The Town Accountant’s Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the Town’s accounting system.

The Town adopts an annual budget for the general fund in conformity with the guidelines described above. The difference of \$200,000 between the original budget of \$63.6 million and the final amended budget of \$63.8 million was due to the approval of a supplemental appropriation that was funded by a like amount of free cash. This supplemental appropriations funded the School Department.

B. Budgetary - GAAP Reconciliation

For budgetary reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed. This differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund is as follows:

Net change in fund balance - budgetary basis.....	\$ 214,801
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	956,461
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	486,062
Net change in recording 60 day receipts.....	17,117
Net change in recording accrued expenditures.....	139,292
Recognition of revenue for on-behalf payments.....	7,810,824
Recognition of expenditures for on-behalf payments.....	<u>(7,810,824)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 1,813,733</u>

C. Appropriation Deficits

During 2020, expenditures exceeded budgeted appropriations for debt interest and state and county charges. The Town is not required to raise these deficits.

NOTE B – PENSION PLAN***Pension Plan Schedules – Retirement System*****A. Schedule of Changes in the Net Pension Liability and Related Ratios**

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the System's total pension liability, changes in the System's net position, and the ending net pension liability. It also demonstrates the System's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation". The appropriations are allocated amongst employers based on an actuarial valuation.

C. Schedule of Investment Return

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

Pension Plan Schedules – Town**A. Schedule of the Town's Proportionate Share of the Net Pension Liability**

The Schedule of the Town's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

B. Schedule of Town's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation".

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes in Assumptions

The most recent actuarial valuation as of January 1, 2018, included several changes of assumptions from the prior actuarial valuation. These changes include a decrease in the assumed discount rate from 7.50% down to 7.35%, as well as changes in the applied mortality tables.

E. Changes in Plan Provisions

None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan ("The Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Town's group health insurance plan, which covers both active and retired members. Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

The Other Postemployment Benefit PlanA. The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

B. Schedule of the Town's Contributions

The Schedule of the Town's Contributions includes the Town's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered employee payroll. The actuarially determined contribution rate is calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	7/1/18
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Fair value of the assets as of the measurement date.
Investment rate of return.....	2.36%, net of plan investment expense, including inflation.
Discount rate.....	2.36%
Inflation rate.....	Not specifically assumed.
Projected salary increases.....	3.75% for existing members. 3% for new entrants.
Healthcare cost trend rates:	
Commercial Managed Care Plan.....	7.5% decreasing to an ultimate level of 5% in 2025.
Commercial Indemnity Plan.....	8.5% decreasing to an ultimate level of 5% in 2045.
Medicare Managed Care Plan.....	6.5% decreasing to an ultimate level of 5% in 2023.
Medicare Indemnity Plan.....	7.5% decreasing to an ultimate level of 5% in 2037.
Mortality rates.....	Actives: RP-2014 Mortality Tables adjusted to 2006, sex distinct, for Employees projected using generational mortality and scale MP-2019.
	Retirees: RP-2014 Mortality Tables adjusted to 2006, sex distinct, for Health Annuitants projected using generational mortality and scale MP-2019.
	Disabled: RP-2014 Mortality Tables adjusted to 2006, sex distinct, for Health Annuitants projected using generational mortality and scale MP-2019. Set forward 2 years.

C. Schedule of Investment Return

The Schedule of Investment Return includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

Changes in Assumptions – The discount rate was lowered from 3.69% to 2.36%. Effects of the Cadillac Tax provision of the Patient Protection and Affordable Care Act has been eliminated. Mortality improvement scale has been changed from MP-2016 to MP-2019.

Changes in Plan Provisions – None.

Other Supplementary Information

***Combining and Individual Fund
Financial Statements***

Nonmajor Governmental Funds

Special Revenue Funds:

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

CARES Act Funding - To account for grants and other formula driven aid, received from the Federal Government, as authorized under the CARES Act.

Town Federal Grants - To account for grants from the Federal Government for various non-education purposes.

School Federal Grants - To account for grants from the Federal Government for various education purposes.

School Lunch - To account for resources available to the Town under the National School Lunch Program.

Gifts and Donations - Town - To account for receipts of various gifts and donations that are to be expended for the non-education purpose designated by the donor or benefactor.

Gifts and Donations - School - To account for receipts of various gifts and donations that are to be expended for the education purpose designated by the donor or benefactor.

School State Grants - To account for grants from the Commonwealth of Massachusetts for various education purposes.

Other School Grants - To account for grants from non-governmental entities for various education purposes.

Town State Grants - To account for grants from the Commonwealth of Massachusetts for various non-education purposes.

Revolving Funds - To account for revolving funds specifically allowed by the laws of the Commonwealth of Massachusetts. These funds are expended for purposes specified by the enabling state statute or vote of the Town Meeting.

Other Special Revenue - To account for special revenue resources not specifically designated in the categories above.

Permanent Funds:

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, not principal, may be used to purposes that support the government's programs and benefit the government or its citizenry.

Library Trust - To account for resources available to enhance the quality of services offered by the Town.

Affordable Housing Trust - To account for contributions received from benefactors for the purposes of increasing the quality of, or quantity of, affordable housing units.

Other Permanent Funds - To account for permanent fund resources not specifically designated in the categories above.

Cemetery Perpetual Care - To account for contributions received for the sole purpose of maintaining Town owned cemetery in a state of good repair.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2020

	Special Revenue Funds								
	CARES Act Funding	Town Federal Grants	School Federal Grants	School Lunch	Gifts and Donations - Town	Gifts and Donations - School	School State Grants	Other School Grants	Town State Grants
ASSETS									
Cash and cash equivalents.....	\$ 230,274	\$ 6,781	\$ 15,714	\$ 163,874	\$ 120,957	\$ 22,395	\$ 820,946	\$ 18,804	\$ 249,699
Receivables, net of uncollectibles:									
Departmental and other.....	-	-	-	-	-	-	-	-	-
Intergovernmental - other.....	-	-	58,259	-	-	-	-	-	389,651
TOTAL ASSETS.....	\$ 230,274	\$ 6,781	\$ 73,973	\$ 163,874	\$ 120,957	\$ 22,395	\$ 820,946	\$ 18,804	\$ 639,350
LIABILITIES									
Warrants payable.....	\$ 153,387	\$ -	\$ 1,372	\$ 15,311	\$ -	\$ -	\$ -	\$ -	\$ 39,351
Accrued payroll.....	-	-	917	-	-	-	16,653	-	1,090
Due to other funds.....	-	-	71,684	-	-	-	-	-	386,543
Unearned revenue.....	76,887	-	-	-	-	-	-	-	-
TOTAL LIABILITIES.....	230,274	-	73,973	15,311	-	-	16,653	-	426,984
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenue.....	-	-	-	-	-	-	-	-	-
FUND BALANCES									
Nonspendable.....	-	-	-	-	-	-	-	-	-
Restricted.....	-	6,781	-	148,563	120,957	22,395	804,293	18,804	212,366
TOTAL FUND BALANCES.....	-	6,781	-	148,563	120,957	22,395	804,293	18,804	212,366
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 230,274	\$ 6,781	\$ 73,973	\$ 163,874	\$ 120,957	\$ 22,395	\$ 820,946	\$ 18,804	\$ 639,350

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2020

		Permanent Funds						Total Nonmajor Governmental Funds
Revolving Funds	Other Special Revenue	Subtotal	Library Trust Funds	Affordable Housing Trust	Other Permanent Funds	Cemetery Perpetual Care	Subtotal	
\$ 370,771	\$ 519,990	\$ 2,540,205	\$ 42,074	\$ 150,041	\$ 185,164	\$ 683,498	\$ 1,060,777	\$ 3,600,982
-	4,350	4,350	-	-	-	-	-	4,350
-	-	447,910	-	-	-	-	-	447,910
<u>\$ 370,771</u>	<u>\$ 524,340</u>	<u>\$ 2,992,465</u>	<u>\$ 42,074</u>	<u>\$ 150,041</u>	<u>\$ 185,164</u>	<u>\$ 683,498</u>	<u>\$ 1,060,777</u>	<u>\$ 4,053,242</u>
\$ 5,232	\$ -	\$ 214,653	\$ -	\$ -	\$ 1,980	\$ -	\$ 1,980	\$ 216,633
5,532	6,039	30,231	-	-	-	-	-	30,231
-	-	458,227	-	-	-	-	-	458,227
-	-	76,887	-	-	-	-	-	76,887
<u>10,764</u>	<u>6,039</u>	<u>779,998</u>	<u>-</u>	<u>-</u>	<u>1,980</u>	<u>-</u>	<u>1,980</u>	<u>781,978</u>
-	4,350	4,350	-	-	-	-	-	4,350
-	-	-	-	-	-	472,996	472,996	472,996
360,007	513,951	2,208,117	42,074	150,041	183,184	210,502	585,801	2,793,918
<u>360,007</u>	<u>513,951</u>	<u>2,208,117</u>	<u>42,074</u>	<u>150,041</u>	<u>183,184</u>	<u>683,498</u>	<u>1,058,797</u>	<u>3,266,914</u>
<u>\$ 370,771</u>	<u>\$ 524,340</u>	<u>\$ 2,992,465</u>	<u>\$ 42,074</u>	<u>\$ 150,041</u>	<u>\$ 185,164</u>	<u>\$ 683,498</u>	<u>\$ 1,060,777</u>	<u>\$ 4,053,242</u>

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2020

	Special Revenue Funds								
	CARES Act Funding	Town Federal Grants	School Federal Grants	School Lunch	Gifts and Donations - Town	Gifts and Donations - School	School State Grants	Other School Grants	Town State Grants
REVENUES:									
Charges for services.....	\$ -	\$ -	\$ -	\$ 307,451	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - other.....	-	4,341	989,736	153,565	-	-	1,225,975	-	735,541
Intergovernmental - COVID-19 relief.....	272,310	-	-	-	-	-	-	-	-
Departmental and other.....	-	-	-	25,736	-	-	-	1,450	-
Contributions and donations.....	-	-	-	-	55,904	24,910	-	-	-
Investment income.....	-	-	-	-	-	-	-	-	3
TOTAL REVENUES.....	272,310	4,341	989,736	486,752	55,904	24,910	1,225,975	1,450	735,544
EXPENDITURES:									
Current:									
General government.....	-	-	-	-	50,200	-	-	-	85,123
Public safety.....	-	3,062	-	-	22,035	-	-	-	4,900
Education.....	-	-	777,922	479,145	17,889	3,559	1,082,299	13,048	-
Public works.....	-	-	-	-	20,000	-	-	-	498,140
Health and human services.....	-	-	-	-	-	-	-	-	36,939
Culture and recreation.....	-	-	-	-	9,331	-	-	-	19,589
COVID-19.....	272,310	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES.....	272,310	3,062	777,922	479,145	119,455	3,559	1,082,299	13,048	644,691
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	-	1,279	211,814	7,607	(63,551)	21,351	143,676	(11,598)	90,853
OTHER FINANCING SOURCES (USES):									
Transfers out.....	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	-	1,279	211,814	7,607	(63,551)	21,351	143,676	(11,598)	90,853
FUND BALANCES AT BEGINNING OF YEAR.....	-	5,502	(211,814)	140,956	184,508	1,044	660,617	30,402	121,513
FUND BALANCES AT END OF YEAR.....	\$ -	\$ 6,781	\$ -	\$ 148,563	\$ 120,957	\$ 22,395	\$ 804,293	\$ 18,804	\$ 212,366

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2020

Revolving Funds	Other Special Revenue	Subtotal	Permanent Funds				Subtotal	Total Nonmajor Governmental Funds
			Library Trust Funds	Affordable Housing Trust	Other Permanent Funds	Cemetery Perpetual Care		
\$ 431,531	\$ 470,893	\$ 1,209,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,209,875
-	-	3,109,158	-	-	-	-	-	3,109,158
-	-	272,310	-	-	-	-	-	272,310
530,771	181,798	739,755	-	-	-	-	-	739,755
14,227	-	95,041	-	150,000	3,008	8,834	161,842	256,883
-	-	3	196	41	784	2,702	3,723	3,726
<u>976,529</u>	<u>652,691</u>	<u>5,426,142</u>	<u>196</u>	<u>150,041</u>	<u>3,792</u>	<u>11,536</u>	<u>165,565</u>	<u>5,591,707</u>
-	31,291	166,614	-	-	4,000	9,702	13,702	180,316
-	476,760	506,757	-	-	7,462	-	7,462	514,219
826,455	300	3,200,617	-	-	-	-	-	3,200,617
-	-	518,140	-	-	-	-	-	518,140
-	9,145	46,084	-	-	-	-	-	46,084
246,863	-	275,783	-	-	-	-	-	275,783
-	-	272,310	-	-	-	-	-	272,310
<u>1,073,318</u>	<u>517,496</u>	<u>4,986,305</u>	<u>-</u>	<u>-</u>	<u>11,462</u>	<u>9,702</u>	<u>21,164</u>	<u>5,007,469</u>
<u>(96,789)</u>	<u>135,195</u>	<u>439,837</u>	<u>196</u>	<u>150,041</u>	<u>(7,670)</u>	<u>1,834</u>	<u>144,401</u>	<u>584,238</u>
-	(296,983)	(296,983)	-	-	-	-	-	(296,983)
(96,789)	(161,788)	142,854	196	150,041	(7,670)	1,834	144,401	287,255
<u>456,796</u>	<u>675,739</u>	<u>2,065,263</u>	<u>41,878</u>	<u>-</u>	<u>190,854</u>	<u>681,664</u>	<u>914,396</u>	<u>2,979,659</u>
<u>\$ 360,007</u>	<u>\$ 513,951</u>	<u>\$ 2,208,117</u>	<u>\$ 42,074</u>	<u>\$ 150,041</u>	<u>\$ 183,184</u>	<u>\$ 683,498</u>	<u>\$ 1,058,797</u>	<u>\$ 3,266,914</u>

Fiduciary Funds

Agency Fund - To account for performance bonds and school student activity accounts.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

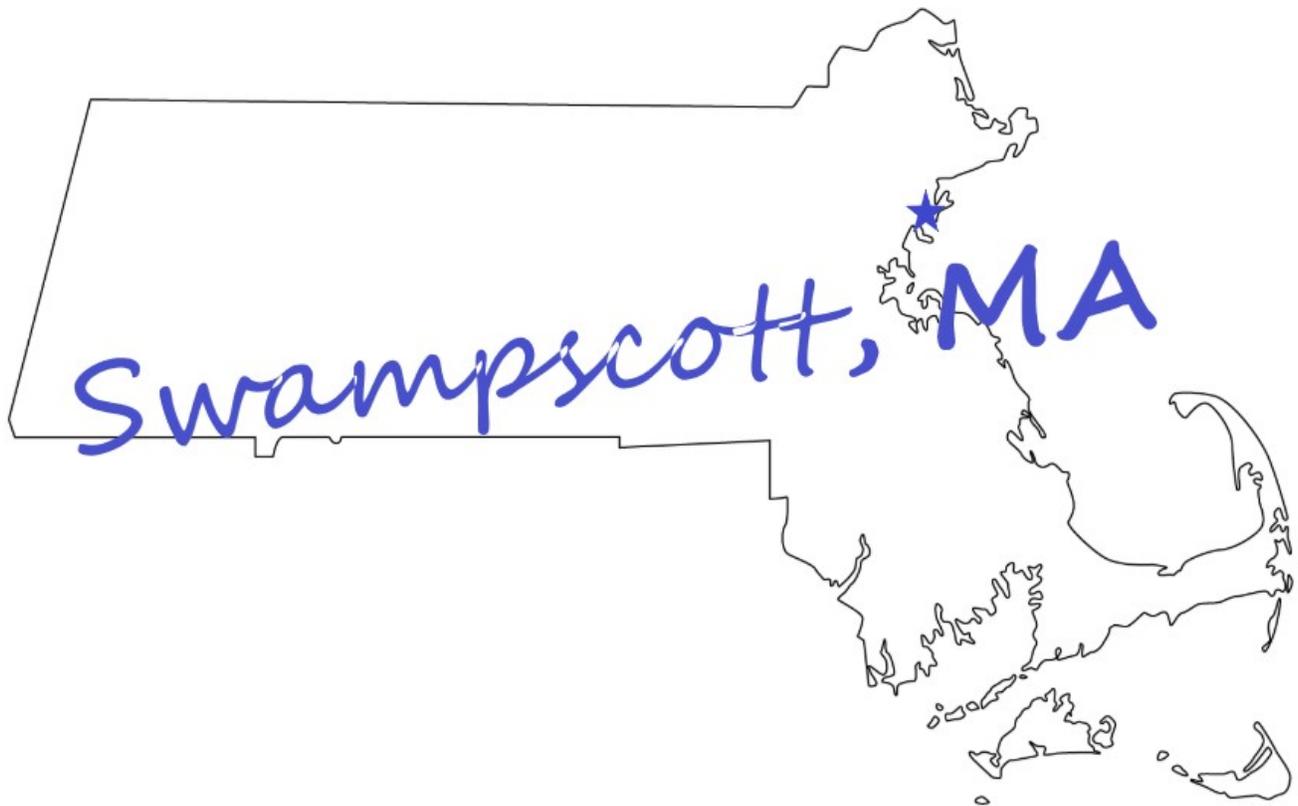
YEAR ENDED JUNE 30, 2020

	June 30, 2019	Additions	Deletions	June 30, 2020
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 219,434	\$ 396,837	\$ (393,290)	\$ 222,981
LIABILITIES				
Warrants payable.....	\$ 636	\$ 250,751	\$ (251,172)	\$ 215
Liabilities due depositors.....	218,798	146,086	(142,118)	222,766
TOTAL LIABILITIES.....	\$ 219,434	\$ 396,837	\$ (393,290)	\$ 222,981

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Statistical Section

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present non-accounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.



Town of Swampscott, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2020

Statistical Section

Statistical Section

This part of the Town of Swampscott's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the Town's financial statements for the relevant year.

**Net Position By Component
Last Ten Years**

	2011	2012	2013	2014	2015 (1)	2016	2017	2018 (2)	2019	2020
Governmental activities										
Net investment in capital assets..... \$	36,207,882	38,967,128	40,146,798	40,863,730	43,082,537	42,918,711	43,682,401	43,546,214	44,389,371	44,191,052
Restricted.....	2,637,594	2,818,116	3,442,720	2,746,826	4,213,784	4,671,258	2,431,703	3,468,524	1,755,729	2,244,393
Unrestricted.....	<u>(6,217,118)</u>	<u>(9,122,930)</u>	<u>(11,612,432)</u>	<u>(11,464,275)</u>	<u>(52,283,130)</u>	<u>(55,103,851)</u>	<u>(58,043,080)</u>	<u>(136,132,561)</u>	<u>(140,696,661)</u>	<u>(141,019,846)</u>
Total governmental activities net position..... \$	<u>32,628,358</u>	<u>32,662,314</u>	<u>31,977,086</u>	<u>32,146,281</u>	<u>(4,986,809)</u>	<u>(7,513,882)</u>	<u>(11,928,976)</u>	<u>(89,117,823)</u>	<u>(94,551,561)</u>	<u>(94,584,401)</u>
Business-type activities										
Net investment in capital assets..... \$	13,014,993	13,971,209	15,646,721	16,328,393	16,198,374	15,968,995	15,889,601	15,534,062	15,507,215	14,966,531
Unrestricted.....	<u>2,556,253</u>	<u>3,888,279</u>	<u>3,366,058</u>	<u>3,254,408</u>	<u>146,289</u>	<u>1,039,237</u>	<u>1,390,835</u>	<u>(210,644)</u>	<u>391,398</u>	<u>655,132</u>
Total business-type activities net position..... \$	<u>15,571,246</u>	<u>17,859,488</u>	<u>19,012,779</u>	<u>19,582,801</u>	<u>16,344,663</u>	<u>17,008,232</u>	<u>17,280,436</u>	<u>15,323,418</u>	<u>15,898,613</u>	<u>15,621,663</u>
Primary government										
Net investment in capital assets..... \$	49,222,875	52,938,337	55,793,519	57,192,123	59,280,911	58,887,706	59,572,002	59,080,276	59,896,586	59,157,583
Restricted.....	2,637,594	2,818,116	3,442,720	2,746,826	4,213,784	4,671,258	2,431,703	3,468,524	1,755,729	2,244,393
Unrestricted.....	<u>(3,660,865)</u>	<u>(5,234,651)</u>	<u>(8,246,374)</u>	<u>(8,209,867)</u>	<u>(52,136,841)</u>	<u>(54,064,614)</u>	<u>(56,652,245)</u>	<u>(136,343,205)</u>	<u>(140,305,263)</u>	<u>(140,364,714)</u>
Total primary government net position..... \$	<u>48,199,604</u>	<u>50,521,802</u>	<u>50,989,865</u>	<u>51,729,082</u>	<u>11,357,854</u>	<u>9,494,350</u>	<u>5,351,460</u>	<u>(73,794,405)</u>	<u>(78,652,948)</u>	<u>(78,962,738)</u>

(1) Net position has been revised to reflect the implementation of GASB Statements #68 and #71.

(2) Net position has been revised to reflect the implementation of GASB Statement #75.

**Changes in Net Position
Last Ten Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government.....	\$ 3,030,072	\$ 2,255,692	\$ 2,611,724	\$ 3,137,788	\$ 2,821,731	\$ 3,961,992	\$ 5,008,662	\$ 4,328,827	\$ 3,917,989	\$ 3,839,270
Public safety.....	10,404,933	11,177,206	11,857,484	11,763,127	11,854,492	13,647,024	14,028,024	13,406,788	13,095,794	12,714,791
Education.....	39,467,379	41,480,023	40,953,277	43,473,831	42,739,111	46,086,324	49,831,594	49,044,417	47,426,155	52,635,675
Public works.....	2,334,675	1,246,932	2,197,423	1,999,373	2,377,145	2,378,186	3,266,237	3,645,293	4,261,594	3,677,606
Human services.....	1,757,914	1,737,258	1,747,413	1,718,765	1,814,478	1,837,581	954,052	864,624	873,357	534,707
Culture and recreation.....	1,214,338	1,345,008	1,264,276	1,315,357	1,456,426	1,520,278	1,515,506	1,594,273	1,606,478	1,549,884
COVID-19.....	-	-	-	-	-	-	-	-	-	272,310
Interest.....	1,437,987	1,182,496	1,081,052	1,076,388	1,044,993	814,971	719,010	709,311	836,357	878,046
Total government activities expenses.....	59,647,298	60,424,615	61,712,649	64,484,629	64,108,376	70,246,356	75,323,085	73,593,533	72,017,724	76,102,289
Business-type activities:										
Water & sewer.....	4,884,906	4,926,699	5,310,834	5,318,143	4,976,442	4,531,402	5,436,066	4,970,599	6,212,015	6,493,380
Public Cable Access.....	-	-	-	-	-	-	-	-	-	148,490
Total business-type activities expenses.....	4,884,906	4,926,699	5,310,834	5,318,143	4,976,442	4,531,402	5,436,066	4,970,599	6,212,015	6,641,870
Total primary government expenses.....	\$ 64,532,204	\$ 65,351,314	\$ 67,023,483	\$ 69,802,772	\$ 69,084,818	\$ 74,777,758	\$ 80,759,151	\$ 78,564,132	\$ 78,229,739	\$ 82,744,159
Program Revenues										
Governmental activities:										
General government charges for services.....	\$ 399,996	\$ 411,577	\$ 233,701	\$ 234,150	\$ 341,139	\$ 344,732	\$ 233,710	\$ 296,851	\$ 873,901	\$ 1,110,323
Public safety charges for services.....	535,487	705,569	942,751	1,202,914	951,304	1,297,239	895,549	996,850	1,160,433	1,228,540
Education charges for services.....	2,508,171	2,446,886	1,876,863	3,193,720	2,818,001	2,683,346	2,925,991	3,130,216	3,134,966	2,670,299
Other charges for services.....	351,689	378,127	442,151	450,359	506,856	459,007	488,944	485,284	515,085	473,211
Education & other operating grants and contributions.....	9,855,596	9,936,188	10,232,227	10,670,967	8,494,700	10,030,692	11,807,056	12,263,367	12,774,939	14,905,286
Other operating grants and contributions.....	446,190	696,030	468,421	228,590	464,148	329,793	606,573	638,502	253,113	693,025
COVID-19 operating grant and contributions.....	-	-	-	-	-	-	-	-	-	272,310
Public works & other capital grant and contributions.....	220,146	425,420	680,173	496,781	562,496	354,699	734,135	1,112,819	53,938	407,706
Total government activities program revenues.....	14,317,275	14,999,797	14,876,287	16,477,481	14,138,644	15,499,508	17,691,958	18,923,889	18,766,375	21,760,700
Business-type activities:										
Water & sewer charges for services.....	5,963,763	5,789,514	5,983,157	5,888,165	5,130,100	5,916,119	6,439,015	5,509,205	5,899,373	6,271,727
Public Cable Access charges for services.....	-	-	-	-	-	-	-	-	-	196,359
Total business-type activities program revenues.....	5,963,763	5,789,514	5,983,157	5,888,165	5,130,100	5,916,119	6,439,015	5,509,205	5,899,373	6,468,086
Total primary government program revenues.....	\$ 20,281,038	\$ 20,789,311	\$ 20,859,444	\$ 22,365,646	\$ 19,268,744	\$ 21,415,627	\$ 24,130,973	\$ 24,433,094	\$ 24,665,748	\$ 28,228,786
Net (Expense)/Revenue										
Governmental activities.....	\$ (45,330,023)	\$ (45,424,818)	\$ (46,836,362)	\$ (48,007,148)	\$ (49,969,732)	\$ (54,746,848)	\$ (57,631,127)	\$ (51,322,467)	\$ (53,251,349)	\$ (54,341,589)
Business-type activities.....	1,078,857	862,815	672,323	570,022	153,658	1,384,717	1,002,949	538,606	(312,642)	(173,784)
Total primary government net expense.....	\$ (44,251,166)	\$ (44,562,003)	\$ (46,164,039)	\$ (47,437,126)	\$ (49,816,074)	\$ (53,362,131)	\$ (56,628,178)	\$ (50,783,861)	\$ (53,563,991)	\$ (54,515,373)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes and tax liens, net of tax refunds payable.....	\$ 39,887,412	\$ 42,269,059	\$ 42,876,294	\$ 44,165,600	\$ 45,750,333	\$ 46,926,722	\$ 48,152,283	\$ 47,603,013	\$ 47,683,067	\$ 49,199,911
Motor vehicle and other excise taxes.....	1,805,662	2,041,242	2,052,748	2,389,223	2,375,441	2,520,154	2,686,913	2,744,298	2,896,666	2,763,506
Penalties and interest on taxes.....	168,189	187,918	206,033	179,895	352,655	551,259	174,207	171,992	187,088	197,319
Nonrestricted grants, contributions, and other.....	1,114,418	1,112,248	1,118,659	1,150,682	1,155,621	1,198,274	1,323,748	1,366,609	1,382,229	1,495,871
Unrestricted investment income.....	37,426	19,910	30,065	18,502	40,961	56,368	117,518	181,936	581,700	528,601
Miscellaneous.....	149,191	267,152	280,988	272,441	290,032	223,513	20,000	-	-	-
Transfers.....	-	-	-	-	-	-	-	-	-	123,541
Total governmental revenues.....	43,162,298	45,897,529	46,564,787	48,176,343	49,965,043	51,476,290	52,454,669	52,087,848	52,730,750	54,308,749
Business-type activities:										
Unrestricted investment income.....	-	-	-	-	-	-	-	-	32,495	20,375
Transfers.....	-	-	-	-	-	-	-	-	-	(123,541)
Total business type activities.....	-	32,495	(103,166)							
Total primary government.....	\$ 43,162,298	\$ 45,897,529	\$ 46,564,787	\$ 48,176,343	\$ 49,965,043	\$ 51,476,290	\$ 52,454,669	\$ 52,087,848	\$ 52,763,245	\$ 54,205,583
Changes in Net Position										
Governmental activities.....	\$ (2,167,725)	\$ 472,711	\$ (271,575)	\$ 169,195	\$ (4,689)	\$ (3,270,558)	\$ (5,176,458)	\$ 765,381	\$ (520,599)	\$ (32,840)
Business-type activities.....	1,078,857	862,815	672,323	570,022	153,658	1,384,717	1,002,949	538,606	(280,147)	(276,950)
Total primary government.....	\$ (1,088,868)	\$ 1,335,526	\$ 400,748	\$ 739,217	\$ 148,969	\$ (1,885,841)	\$ (4,173,509)	\$ 1,303,987	\$ (800,746)	\$ (309,790)

**Fund Balances, Governmental Funds
Last Ten Years**

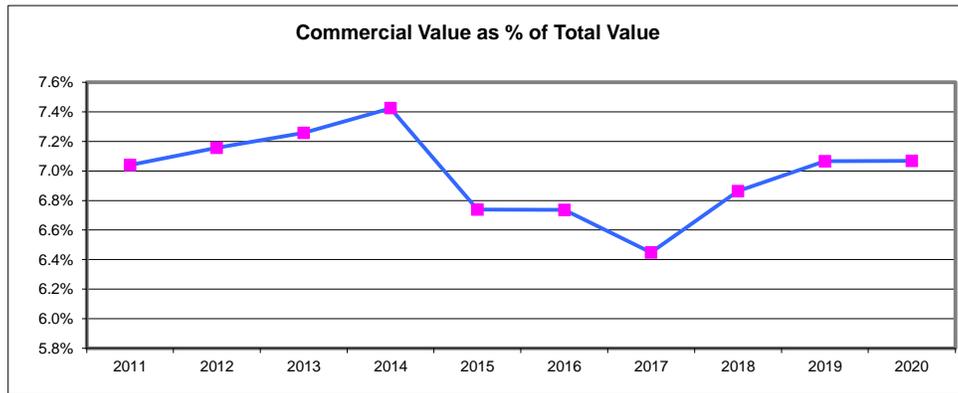
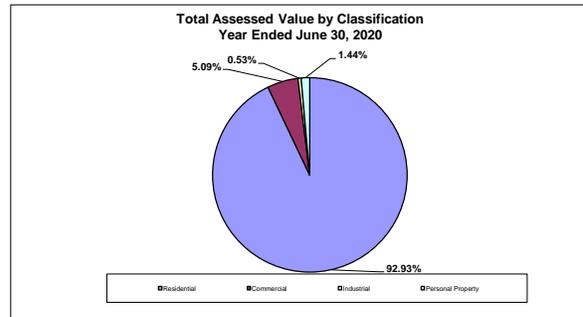
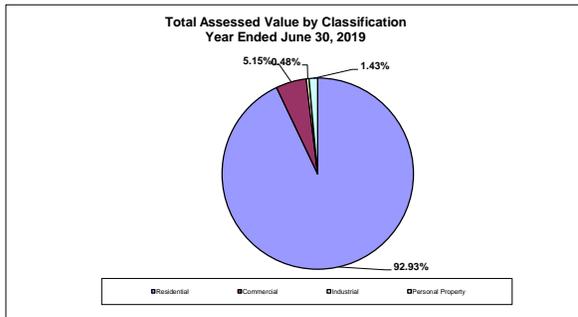
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Restricted.....	\$ -	\$ -	\$ -	\$ 500,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed.....	1,460,000	540,007	860,209	1,400,515	1,075,389	2,503,662	3,746,938	3,014,056	1,832,496	-
Assigned.....	836,329	797,194	1,162,970	778,638	501,370	293,035	269,424	402,650	603,860	744,319
Unassigned.....	<u>3,049,292</u>	<u>4,651,415</u>	<u>4,018,582</u>	<u>4,684,739</u>	<u>7,119,395</u>	<u>8,978,306</u>	<u>8,379,915</u>	<u>9,986,458</u>	<u>10,163,059</u>	<u>13,703,829</u>
Total general fund.....	<u>\$ 5,345,621</u>	<u>\$ 5,988,616</u>	<u>\$ 6,041,761</u>	<u>\$ 7,363,944</u>	<u>\$ 8,696,154</u>	<u>\$ 11,775,003</u>	<u>\$ 12,396,277</u>	<u>\$ 13,403,164</u>	<u>\$ 12,599,415</u>	<u>\$ 14,448,148</u>
All Other Governmental Funds										
Nonspendable.....	\$ -	\$ -	\$ -	\$ 439,652	\$ -	\$ -	\$ -	\$ -	\$ 494,462	\$ 472,996
Restricted.....	3,681,545	4,856,991	5,287,505	4,817,533	3,996,637	4,687,927	2,782,552	4,354,926	3,130,490	4,021,554
Unassigned.....	<u>(91,742)</u>	<u>(119,534)</u>	<u>(85,698)</u>	<u>(485,937)</u>	<u>(83,187)</u>	<u>(194,005)</u>	<u>(132,722)</u>	<u>(689,341)</u>	<u>(937,834)</u>	<u>-</u>
Total all other governmental funds.....	<u>\$ 3,589,803</u>	<u>\$ 4,737,457</u>	<u>\$ 5,201,807</u>	<u>\$ 4,771,248</u>	<u>\$ 3,913,450</u>	<u>\$ 4,493,922</u>	<u>\$ 2,649,830</u>	<u>\$ 3,665,585</u>	<u>\$ 2,687,118</u>	<u>\$ 4,494,550</u>

**Changes in Fund Balances, Governmental Funds
Last Ten Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Real estate and personal property taxes and tax liens, net of tax refunds.....	\$ 39,775,000	\$ 41,893,686	\$ 42,660,718	\$ 43,522,582	\$ 45,781,280	\$ 46,786,395	\$ 47,763,141	\$ 47,857,992	\$ 47,184,049	\$ 48,515,499
Tax liens.....	124,645	172,196	99,703	86,284	273,067	786,246	162,699	314,831	129,236	209,585
Motor vehicle and other excise taxes.....	1,791,328	2,049,265	2,052,796	2,367,549	2,397,278	2,508,013	2,642,922	2,731,099	2,830,263	2,642,744
Charges for service.....	1,228,623	1,210,189	1,270,706	1,377,598	1,334,774	1,422,170	1,785,087	1,472,869	1,383,819	1,209,875
Penalties and interest on taxes.....	168,189	187,918	206,033	179,895	352,655	551,259	174,207	171,992	187,088	197,319
Licenses and permits.....	207,475	341,016	260,969	869,725	464,636	729,778	426,919	496,062	790,054	702,368
Fines and forfeitures.....	87,225	92,533	73,955	76,585	91,145	74,405	81,001	79,558	78,646	81,195
Intergovernmental.....	10,997,368	11,888,996	11,763,774	11,753,842	10,623,216	11,059,337	13,669,104	13,965,283	15,103,227	17,486,261
Departmental and other.....	2,588,214	2,815,986	2,288,768	3,266,379	3,036,747	2,912,322	3,172,576	3,334,057	3,354,962	3,576,306
Contributions.....	353,137	37,581	257,614	266,511	282,948	593,265	31,224	221,062	76,279	256,883
Investment income.....	50,177	28,433	36,783	25,154	54,902	79,040	143,989	215,450	581,699	528,601
Total Revenue.....	57,371,381	60,717,799	60,971,819	63,792,104	64,692,648	67,502,230	70,052,869	70,960,255	71,699,322	75,406,636
Expenditures:										
General government.....	1,705,886	2,008,396	1,983,817	2,263,474	2,410,201	2,725,509	3,575,550	3,101,509	4,021,555	2,986,554
Public safety.....	6,908,789	8,210,015	11,042,440	8,027,970	7,837,308	8,067,319	8,485,608	8,320,937	9,302,233	8,306,072
Education.....	26,838,044	27,994,808	27,864,986	30,323,768	29,836,196	31,495,756	32,787,366	32,434,810	33,412,729	33,923,768
Public works.....	2,361,542	1,691,383	2,746,431	2,172,399	2,817,554	2,663,434	4,461,289	4,300,034	4,187,527	4,463,174
Human services.....	1,280,408	1,238,560	1,272,337	1,305,397	1,341,550	1,298,246	407,401	368,962	384,343	368,925
Culture and recreation.....	807,081	878,504	892,173	927,637	1,033,967	984,880	1,032,961	1,107,505	1,087,019	1,032,573
COVID-19.....	-	-	-	-	-	-	-	-	-	272,310
Pension benefits.....	8,104,804	8,397,114	8,710,246	9,259,694	7,224,499	8,620,863	10,835,360	11,491,175	11,404,836	13,025,401
Employee benefits.....	4,301,769	4,681,627	5,217,563	5,233,611	5,403,206	5,757,918	7,496,742	6,420,181	6,357,004	6,183,172
Property and Liability Insurance.....	320,528	311,975	500,428	444,740	501,951	561,363	558,831	586,098	448,888	361,369
Claims and Judgments.....	-	-	-	-	340,000	-	-	-	-	-
State and county charges.....	723,393	750,825	646,881	550,919	560,469	662,917	683,482	825,701	874,031	1,106,875
Debt service:										
Principal.....	3,508,847	3,645,933	3,317,147	3,596,927	2,571,447	3,368,426	3,427,797	2,481,761	2,495,866	2,315,865
Interest.....	1,365,590	1,254,655	1,167,192	1,089,162	1,018,568	887,529	829,148	745,110	813,876	772,804
Total Expenditures.....	58,226,681	61,063,795	65,361,641	65,195,698	62,896,916	67,094,160	74,581,535	72,183,783	74,789,907	75,118,862
Excess of revenues over (under) expenditures.....	(855,300)	(345,996)	(4,389,822)	(1,403,594)	1,795,732	408,070	(4,528,666)	(1,223,528)	(3,090,585)	287,774
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	1,985,786	2,615,000	5,009,400	-	-	2,649,400	1,300,907	2,280,600	-	3,053,000
Issuance of refunding bonds.....	-	-	3,790,000	1,603,858	13,128,556	-	-	-	-	-
Premium from issuance of refunding bonds.....	-	-	200,716	43,112	257,607	-	-	-	-	-
Premium from issuance of bonds.....	119,700	-	95,284	-	109,220	139,048	-	261,237	-	191,850
Payments to escrow agent.....	-	-	(3,880,000)	(1,831,750)	(14,124,600)	-	-	-	-	-
Sale of Capital Assets.....	-	-	-	1,762,536	-	-	10,000	-	-	-
Transfers in.....	932,668	1,545,000	802,097	852,000	820,000	1,633,722	1,383,243	1,011,797	1,478,388	483,924
Transfers out.....	(1,146,086)	(1,996,955)	(1,225,200)	(562,190)	(48,676)	(907,107)	(637,879)	(299,164)	(655,981)	(360,383)
Total other financing sources (uses).....	1,892,068	2,163,045	4,792,297	1,867,566	142,107	3,515,063	2,056,271	3,254,470	822,407	3,368,391
Net change in fund balance.....	\$ 1,036,768	\$ 1,817,049	\$ 402,475	\$ 463,972	\$ 1,937,839	\$ 3,923,133	\$ (2,472,395)	\$ 2,030,942	\$ (2,268,178)	\$ 3,656,165
Debt service as a percentage of noncapital expenditures.....	8.52%	8.42%	7.29%	7.37%	5.85%	6.53%	5.93%	4.64%	4.60%	4.23%

**Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates
Last Ten Years**

Year	Assessed and Actual Values and Tax Rates										
	Residential Value	Residential Tax Rate	Residential % of Total Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Direct Rate (1)	Total Town Value
2011	\$2,117,429,264	\$16.60	92.96%	\$115,652,324	\$11,194,200	\$33,503,530	\$160,350,054	\$30.80	7.04%	\$17.60	\$2,277,779,318
2012	\$2,054,011,117	\$17.99	92.84%	\$113,608,908	\$11,102,000	\$33,591,190	\$158,302,098	\$33.41	7.16%	\$19.09	\$2,212,313,215
2013	\$2,010,736,009	\$18.84	92.74%	\$113,064,616	\$10,714,600	\$33,556,820	\$157,336,036	\$35.02	7.26%	\$20.01	\$2,168,072,045
2014	\$2,057,750,774	\$18.70	92.58%	\$120,256,551	\$10,931,900	\$33,849,520	\$165,037,971	\$34.79	7.42%	\$19.89	\$2,222,788,745
2015	\$2,347,019,493	\$17.15	93.26%	\$124,326,233	\$11,331,300	\$33,914,490	\$169,572,023	\$31.73	6.74%	\$18.13	\$2,516,591,516
2016	\$2,388,163,338	\$17.33	93.26%	\$125,027,888	\$11,336,700	\$36,142,200	\$172,506,788	\$32.07	6.74%	\$18.32	\$2,560,670,126
2017	\$2,447,445,742	\$17.45	93.55%	\$123,980,284	\$11,429,600	\$33,291,050	\$168,700,934	\$32.20	6.45%	\$18.40	\$2,616,146,676
2018	\$2,651,648,719	\$16.00	93.14%	\$140,489,144	\$13,001,200	\$41,940,440	\$195,430,784	\$28.83	6.86%	\$16.88	\$2,847,079,503
2019	\$2,802,887,168	\$15.20	92.93%	\$155,460,066	\$14,445,800	\$43,214,220	\$213,120,086	\$27.45	7.07%	\$16.07	\$3,016,007,254
2020	\$3,003,363,431	\$14.30	92.93%	\$164,620,403	\$17,089,100	\$46,692,900	\$228,402,403	\$25.85	7.07%	\$15.12	\$3,231,765,834



(1) Weighted average direct tax rate, calculated as weighted average of residential, commercial and personal property tax rates.
Source: Assessor's Department, Town of Swampscott
All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the Town. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

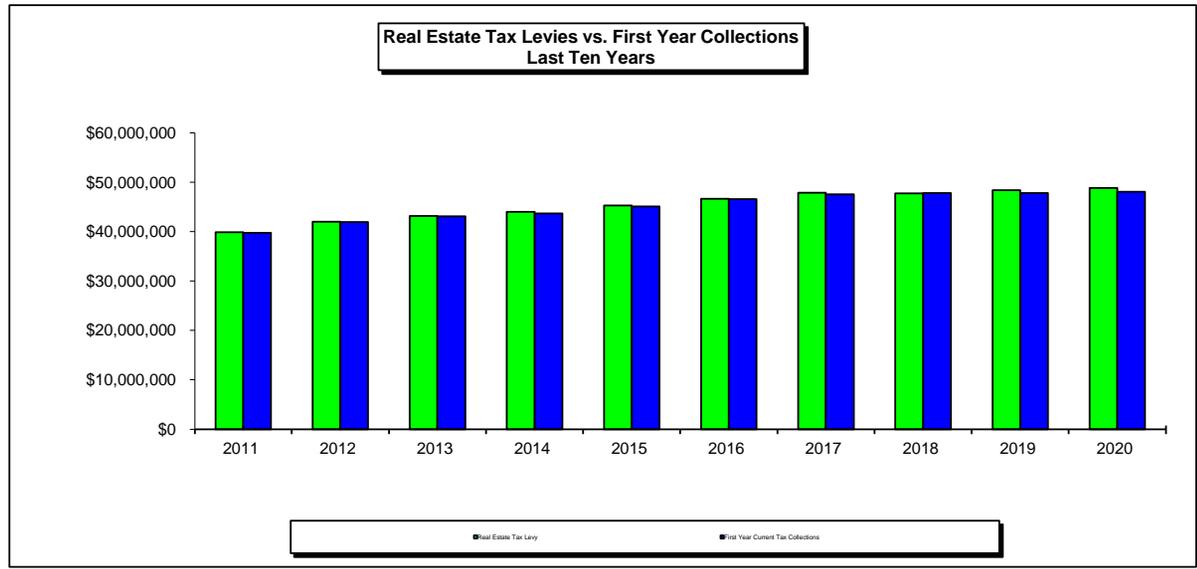
**Principal Taxpayers
Current Year and Nine Years Ago**

Name	Nature of Business	2020			2011		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
SCRS Vining Squaure LLC	Luxury Residential Apartments	\$ 56,759,400	1	1.88%	-	-	-
Ryan, LLC	Residential Apartments	19,911,300	2	0.66%	-	-	-
CC Swampscott Lot B5 Limited	Shopping Center	15,046,400	3	0.50%	13,847,300	1	0.34%
ARC Hr5ssma002 LLC	Shopping Center	14,441,100	4	0.48%	-	-	-
Lynn Sand & Stone Co	Quarry	13,568,069	5	0.45%	7,383,800	5	-
Boston Gas Company	Gas Wires & Poles	12,086,390	6	0.40%	-	-	-
Algonquin Gas Transmission LLC	Gas Wires & Poles	11,390,200	7	0.38%	-	-	-
Botsini - Paradise Road LLC	Shopping Center	11,118,200	8	0.37%	-	-	-
Massachusetts Electric Company	Electric Wires & Poles	10,698,370	9	0.35%	-	-	-
Equity One (Swampscott) LLC	Shopping Center	8,719,400	10	0.29%	7,173,700	6	0.18%
AIMCO Vantage Pointe LLC	Apartments	-	-	-	13,594,100	2	0.34%
Prima II LLC	Shopping Center	-	-	-	11,041,700	3	0.27%
Inland American Swampscott LLC	Shopping Center	-	-	-	10,020,500	4	0.25%
Individual Residence	Private Residence	-	-	-	6,779,400	7	0.17%
Boston - Paradise Road LLC	Shopping Center	-	-	-	6,181,700	8	0.15%
Anthony's Hawthorne Inc	Restaurant	-	-	-	4,206,400	9	0.10%
Five Hundred Five Paradise Rd	Shopping Center	-	-	-	3,823,200	10	0.09%
	Totals	\$ 173,738,829		5.76%	\$ 84,051,800		1.90%

Source: Debt Offering Statements

**Property Tax Levies and Collections
Last Ten Years**

Year	Total Tax Levy	Less Estimated Abatements & Exemptions	Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2011	\$40,088,107	\$186,588	\$39,901,519	\$39,730,854	99.57%	\$172,196	\$39,903,050	100.00%
2012	\$42,240,533	\$209,015	\$42,031,518	\$41,933,355	99.77%	\$99,703	\$42,033,058	100.00%
2013	\$43,392,174	\$211,637	\$43,180,537	\$43,096,270	99.80%	\$86,264	\$43,182,534	100.00%
2014	\$44,221,610	\$241,273	\$43,980,337	\$43,705,238	99.37%	\$273,067	\$43,978,305	100.00%
2015	\$45,631,905	\$337,536	\$45,294,369	\$45,115,835	99.61%	\$178,534	\$45,294,369	100.00%
2016	\$46,919,163	\$282,042	\$46,637,121	\$46,547,422	99.81%	\$88,080	\$46,635,502	100.00%
2017	\$48,140,098	\$275,968	\$47,864,130	\$47,548,394	99.34%	\$314,831	\$47,863,225	100.00%
2018	\$48,031,755	\$323,734	\$47,708,021	\$47,817,131	100.23%	\$129,236	\$47,946,367	100.50%
2019	\$48,420,103	\$26,804	\$48,393,299	\$47,829,518	98.84%	\$209,585	\$48,039,103	99.27%
2020	\$48,813,196	\$4,691	\$48,808,505	\$48,046,551	98.44%	\$0	\$48,046,551	98.44%



Source: Massachusetts Department of Revenue Municipal Databank, Debt Offering Statements, Town Finance Records

**Ratios of Outstanding Debt by Type
Last Ten Years**

Year	<u>Governmental Activities</u>	<u>Business- Type</u>		Total Debt Outstanding	Percentage of Personal Income	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	General Obligation Bonds (1)	Direct Borrowings				
2011	\$36,859,605.00	\$1,511,160.00	\$6,322,329.00	\$44,693,094.00	6.62%	13,826	\$ 3,233
2012	\$35,827,672.00	\$1,287,140.00	\$4,852,660.00	\$41,967,472.00	6.22%	13,826	\$ 3,035
2013	\$37,430,925.00	\$1,171,920.00	\$2,881,602.00	\$41,484,447.00	6.15%	13,826	\$ 3,000
2014	\$33,757,856.00	\$788,880.00	\$3,400,768.00	\$37,947,504.00	4.73%	13,826	\$ 2,745
2015	\$30,190,365.00	\$559,004.00	\$2,864,122.00	\$33,613,491.00	4.19%	13,826	\$ 2,431
2016	\$29,471,339.00	\$1,436,695.00	\$2,383,189.00	\$33,291,223.00	3.94%	14,563	\$ 2,286
2017	\$27,344,449.00	\$1,230,235.00	\$2,969,964.00	\$31,544,648.00	3.74%	14,563	\$ 2,166
2018	\$27,143,288.00	\$2,990,123.00	\$2,488,441.00	\$32,621,852.00	3.86%	14,563	\$ 2,240
2019	\$24,647,422.00	\$2,743,622.00	\$3,174,612.00	\$30,565,656.00	4.03%	14,563	\$ 2,099
2020	\$26,131,562.00	\$4,950,525.00	\$2,650,444.00	\$33,732,531.00	4.39%	14,755	\$ 2,286

(1) Presented net of original issuance discounts and premiums.

Source: Debt Offering Statements, Town Finance Records, 2011 - 2020 Audited Financial Statements.

**Ratios of Outstanding General Bonded Debt
Last Ten Years**

Year	General Obligation Bonds (1)	Assessed Value	U. S. Census Population	Per Capita	Percentage of Assessed Value
2011	\$38,370,765.00	\$2,277,779,318	13,826	\$ 2,775	1.68%
2012	\$37,114,812.00	\$2,212,313,215	13,826	\$ 2,684	1.68%
2013	\$38,602,845.00	\$2,168,072,045	13,826	\$ 2,792	1.78%
2014	\$34,546,736.00	\$2,222,788,745	13,826	\$ 2,499	1.55%
2015	\$30,749,369.00	\$2,516,591,516	13,826	\$ 2,224	1.22%
2016	\$30,908,034.00	\$2,560,670,126	14,563	\$ 2,122	1.21%
2017	\$28,574,684.00	\$2,616,146,676	14,563	\$ 1,962	1.09%
2018	\$30,133,411.00	\$2,847,079,503	14,563	\$ 2,069	1.06%
2019	\$27,391,044.00	\$3,016,007,254	14,563	\$ 1,881	0.91%
2020	\$31,082,087.00	\$3,231,765,834	14,755	\$ 2,107	0.96%

(1) This is the general bonded debt of the governmental activities, net of original issuance discounts and premiums.

Source: Debt Offering Statements, Town Finance Records, 2011 - 2019 Audited Financial Statements.

Direct and Overlapping Governmental Activities Debt

As of June 30, 2020

<u>Town of Swampscott, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Essex North Shore Regional Technical School District.....	\$ 28,335,000	1.21%	\$ 342,854
Total direct debt.....			<u>31,082,087</u>
Total direct and overlapping debt.....			<u>\$ 31,424,941</u>

Source: Audited Financial Statements, Debt Offering Statements

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of Town. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**Computation of Legal Debt Margin
Last Ten Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Equalized Valuation.....	\$ 2,444,603,600	\$ 2,370,987,100	\$ 2,370,987,100	\$ 2,380,319,800	\$ 2,380,319,800	\$ 2,701,749,700	\$ 2,701,749,700	\$ 3,001,502,900	\$ 3,001,502,900	\$ 3,428,507,500
Debt Limit -5% of Equalized Valuation.....	\$ 122,230,180	\$ 118,549,355	\$ 118,549,355	\$ 119,015,990	\$ 119,015,990	\$ 135,087,485	\$ 135,087,485	\$ 150,075,145	\$ 150,075,145	\$ 171,425,375
Less:										
Outstanding debt applicable to limit.....	40,691,915	38,426,308	38,640,594	34,229,486	30,190,365	30,754,551	28,514,684	30,103,411	27,391,040	30,118,673
Authorized and unissued debt.....	7,685,690	6,684,490	6,586,870	1,123,012	5,664,297	3,300,907	6,275,600	5,532,270	1,912,170	6,876,650
Legal debt margin.....	\$ 73,852,575	\$ 73,438,557	\$ 73,321,891	\$ 83,663,492	\$ 83,161,328	\$ 101,032,027	\$ 100,297,201	\$ 114,439,464	\$ 120,771,935	\$ 134,430,052
Total debt applicable to the limit as a percentage of debt limit.....	39.58%	38.05%	38.15%	29.70%	30.13%	25.21%	25.75%	23.75%	19.53%	21.58%

Source: Town Financial Records and Massachusetts Department of Revenue - Equalized valuations are established as of January 1 of even-numbered years for the next two years.

**Demographic and Economic Statistics
Last Ten Years**

Year	Population Estimates (1)	Personal Income	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2011	13,826	\$ 675,082,102	\$ 48,827	2,273	5.80%
2012	13,826	\$ 675,082,102	\$ 48,827	2,277	2.30%
2013	13,826	\$ 675,082,102	\$ 48,827	2,283	6.10%
2014	13,826	\$ 801,548,524	\$ 57,974	2,293	4.50%
2015	13,826	\$ 801,548,524	\$ 57,974	2,250	4.00%
2016	14,563	\$ 844,275,362	\$ 57,974	2,249	3.20%
2017	14,563	\$ 844,275,362	\$ 57,974	2,231	3.40%
2018	14,563	\$ 844,275,362	\$ 57,974	2,207	3.30%
2019	14,563	\$ 757,712,890	\$ 52,030	2,212	2.50%
2020	14,755	\$ 767,702,650	\$ 52,030	2,218	15.30%

Sources: (1) Massachusetts Department of Revenue Municipal Databank.
(2) United States Census Bureau
(3) Massachusetts Department of Elementary and Secondary Education
(4) Massachusetts Department of Unemployment Assistance

**Principal Employers (excluding the Town)
Current Year and Nine Years Ago**

Employer	Nature of Business	2020			2011		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Paradiso Ristorante	Restaurant	250	1	3.51%	0	-	-
Whole Foods Market	Retail - Grocery	225	2	3.16%	145	3	1.97%
Bertucci's	Restaurant	90	3	1.26%	0	-	-
Congregation Shirat Hayam	Synagogue	75	4	1.05%	0	-	0.00%
GAP	Retail - Clothing Store	70	5	0.98%	0	-	-
Hawthorne-By-The-Sea	Restaurant	65	6	0.91%	50	6	0.68%
Marshall's	Retail - Department Store	60	7	0.84%	140	4	1.90%
Uno Pizzeria	Restaurant	55	8	0.77%	120	5	1.63%
T.J Maxx	Retail - Department Store	N/A	N/A	N/A	150	2	2.04%
Stop & Shop	Retail - Grocery	N/A	N/A	N/A	170	1	2.31%
Aggregate Industries	Gravel	N/A	N/A	N/A	29	7	0.39%
		<u>890</u>		<u>12.50%</u>	<u>804</u>		<u>10.93%</u>

Information on the 8th through 10th largest employer for 2020 was unavailable. Information on the 9th and 10th largest employers for 2011 was unavailable.
Source: Debt Offering Statements, Massachusetts Workplace Development Agency.

**Full-time Equivalent Town Employees by Function
Last Nine Years**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Function</u>									
General government.....	15	15	15	13	13	17	17	17	16
Public safety.....	72	72	71	73	74	71	71	71	71
Public education.....	174	178	180	186	189	194	191	185	185
Public works.....	22	24	22	21	21	21	21	21	21
Human services.....	5	5	5	4	4	4	6	6	6
Culture and recreation.....	11	11	11	12	12	11	11	11	11
Total.....	<u>298</u>	<u>304</u>	<u>303</u>	<u>309</u>	<u>312</u>	<u>319</u>	<u>318</u>	<u>312</u>	<u>311</u>

Source: Town Personnel Records
Information for 2011 not available

**Operating Indicators by Function/Program
Last Ten Years**

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Building Department										
Building permits issued.....	516	529	262	664	642	578	542	647	658	55
Police										
Number of arrests.....	194	109	160	201	148	165	176	121	116	N/A
Education										
Number of students.....	2,273	2,277	2,283	2,293	2,250	2,249	2,231	2,207	2,212	2,218
Library										
Volumes in circulation.....	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000

Source: Annual Town Reports

**Capital Asset Statistics by Function/Program
Last Ten Years**

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government										
Number of buildings.....	1	1	1	1	1	1	1	1	1	1
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Education										
Number of elementary schools.....	3	3	3	3	3	3	3	3	3	3
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets to maintain (miles).....	46	46	46	46	46	46	46	46	46	46
Culture and recreation										
Buildings.....	1	1	1	1	1	1	1	1	1	1
Miles of public beach front.....	5	5	5	5	5	5	5	5	5	5
Public beaches.....	6	6	6	6	6	6	6	6	6	6

Source: Various Town Departments

Free Cash and Stabilization Fund Balances

Last Ten Years

<u>Year</u>	<u>Free Cash</u>	<u>General Stabilization Fund</u>	<u>Capital Stabilization Fund</u>
2020.....	\$ 4,716,580	\$ 6,750,956	\$ 976,908
2019.....	\$ 4,430,176	\$ 5,905,117	\$ 866,286
2018.....	\$ 3,161,170	\$ 5,058,310	\$ 609,980
2017.....	\$ 4,038,376	\$ 3,529,485	\$ 355,290
2016.....	\$ 6,392,330	\$ 2,066,031	\$ 403,662
2015.....	\$ 5,105,677	\$ 1,084,187	\$ 301,667
2014.....	\$ 3,065,575	\$ 1,296,515	\$ 200,515
2013.....	\$ 2,587,353	\$ 1,242,417	\$ 150,209
2012.....	\$ 2,975,937	\$ 1,188,059	\$ 100,007
2011.....	\$ 2,122,834	\$ 784,377	-

Source: Massachusetts Department of Revenue / Town Financial Records